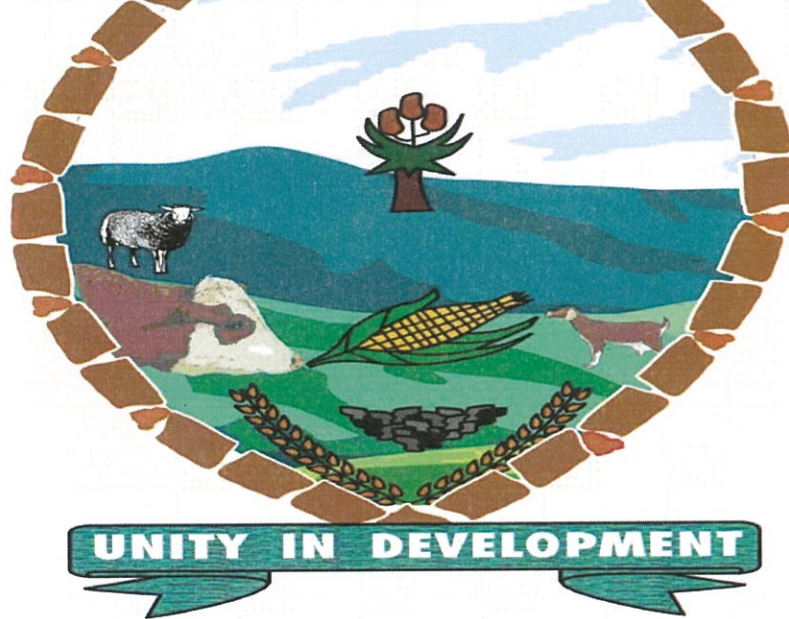


EMALAHLENI
MUNICIPALITY



EMALAHLENI
MUNICIPALITY

**DRAFT MEDIUM TERM REVENUE
AND EXPENDITURE FRAMEWORK
2016/2017 TO 2018/2019**

ANNUAL DRAFT BUDGET OF
EMALAHLENI
MUNICIPALITY

2016/17 TO 2017/18
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

| | | | |
|-------|---|-------|---|
| CFO | Chief Financial Officer | MFMA | Municipal Financial Management Act Programme |
| CPI | Consumer Price Index | MIG | Municipal Infrastructure Grant |
| CRRF | Capital Replacement Reserve Fund | MM | Municipal Manager |
| DoRA | Division of Revenue Act | MPRA | Municipal Properties Rates Act |
| EDTA | Economic Development Tourism and Agriculture | MSA | Municipal Systems Act |
| FBS | Free basic services | MTEF | Medium-term Expenditure Framework |
| GDP | Gross domestic product | MTREF | Medium-term Revenue and Expenditure Framework |
| GFS | Government Financial Statistics | NERSA | National Electricity Regulator South Africa |
| GRAP | General Recognised Accounting Practice | OHS | Occupational Health and Safety |
| HR | Human Resources | OP | Operational Plan |
| IDP | Integrated Development Strategy | PBO | Public Benefit Organisations |
| IDHS | Infrastructure Development and Housing Services | PMS | Performance Management System |
| IT | Information Technology | PPE | Property Plant and Equipment |
| KPA | Key Performance Area | SDBIP | Service Delivery Budget Implementation Plan |
| KPI | Key Performance Indicator | SMME | Small Micro and Medium Enterprises |
| kWh | kilowatt | | |
| LED | Local Economic Development | | |
| mSCOA | municipal Standard Chart of Accounts | | |

Part 1 – Annual Budget

1.1 Mayor's Report

The Emalahleni Municipality continues to operate in a challenging economic environment given the high rate of unemployment filtering through and impacting on the municipality's ability to collect own revenue. This economic situation is further fuelled by especially the electricity prices that increases year on year with rates that are far above inflation rates. The overall effect is that the municipality is greatly grant dependant.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of

- A huge backlogs in service delivery, over its vast rural municipal area
- The socio-economic problems of high unemployment and poverty levels.

Progress has been made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national objectives of:

- Service delivery
- Financial viability and management
- Local economic development
- Municipal institutional development and transformation.
- Good governance and public participation

In order to achieve this the Council and Executive Committee commit themselves to provide leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of Legislation and internal controls.

These are some highlights within our departments

Corporate services

The organogram has been developed to give effect to the needs of the organisation. The municipality is however currently engaged in a business re-engineering process where it seeks to reconcile the available skills at the municipality with the required skills in order to achieve medium to long term municipal objectives. The outcome of this process will possibly see re-arrangement/amendments being proposed to the organogram.

The institution has been carrying the burden of a shortage of office space and this budget makes provision to initialise the process of providing the required office space that will see our employees being able to perform in an optimum environment.

These efforts are strides to making Emalahleni Municipality the employer of choice that capacitates both the councillors and staff.

Community services

The traffic station has been constructed and has become operational. This is an endeavour to increase own revenue and the traffic department will certainly contribute positively in the medium to long term in revenue generation. The development and establishment of a traffic section within Emalahleni municipality will further ensure and enforce safety of our community.

The solid waste site and its completion remain a priority and we will continue in the new financial year to access and allocate funds to this critical area within community services.

An allocation of R 8.402 million has been provided for capital projects under community services for the 2016/17 financial year.

EDTA

The Emalahleni municipal area has been drought stricken. We plan to utilise our interactions with Inter Governmental Relations forums to assist the municipality on the matter.

IDHS

The focus of MIG funding continues to be the construction and upgrading our roads network which we hope will see our communities being able to access economic activity.

The electrification of our villages continue to be a priority and the new financial year will finally see the last of these electricity backlogs been finally addressed and eradicated.

The municipal administration continues to be challenged with conducive office space and intend focusing on the provision of office space in the short to mid-term.

An allocation of R 23.868 million has been appropriated towards infrastructure development in the 2016/17 financial year.

Finance

The Finance department continues to improve its financial processes in line with best practices and this is evident in the audit outcomes. The department continues to endeavour to optimise the use of the SEBATA financial system to ensure that credible data that forms the basis of financial reporting is produced and maintained.

A new financial reform, mSCOA (municipal Standard Chart of Accounts) has been introduced by the National Treasury and the Emalahleni municipality has to be compliant by 1 July 2017. Provision has been made in this budget to address this requirement to ensure that the municipality comply with this reform.

The municipality is grant dependant and to this end it is necessary to develop a plan for revenue enhancement to reduce our dependence and improve our financial viability. The department annually review this strategy to ensure relevance and that such is implemented. The department continues to update and implement its indigent policy to ensure that the poor households receive their basic services. This strategy also seeks to address the low collection rate by writing off arrear debt of registered indigent households.

Budget figures

The tabled budget projects the following:

Increases

The tariff increases on services will be an average of 6%

The electricity increase of 8% is as per interim guide by NERSA and we await the final guide from NERSA that will give us clear guidelines in the setting of electricity tariffs for the coming year.

By-laws and Policies

Council has by- laws and policies in place that are annually subjected to reviewal as part of the budget preparation process.

Income and expenditure

Operating budget

| | |
|---------------------------|--------------------------|
| Total revenue: | R 187.721 million |
| Total expenditure: | R 187.706 million |
| Projected surplus: | R 15.715 thousand |

It is to be noted that it is annually a mammoth task to prepare a surplus budget given the unlimited municipal needs versus the limited financial resources. The municipality however ensures that a surplus budget is achieved annually although the surplus seems to be dwindling each year due to the own capital being funded through accumulated reserves annually without replenishing these reserves. This calls for Directorates to cut down on the nice to haves and non-essentials budgeted items.

Capital budget:

| | |
|-----------------------------------|-------------------------|
| Grant funding: | R 30.170 million |
| Own funds: | R 8.800 million |
| Total capital expenditure: | R 38.970 million |

I hereby table the Medium Term Revenue and Expenditure Framework for 2016/17 to 2018/19 Financial period for adoption by the Emalahleni Council as per the resolutions below:

P.P. N. Nyukwana

CLLR N. NYUKWANA

MAYOR

1.2 Council Resolutions

The Council approves and takes the following resolutions for the draft annual budget of 2016/17 to 2018/19 financial period:

The Council of Emalahleni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) adopts:

1.1. The draft annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1. Budget Summary as per Table A1
- 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) as per Table A2;
- 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) as per Table A3;
- 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) as per Table A4;
- 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected as per Table A5;
- 1.1.6. Budgeted Financial Position as per Table A6;
- 1.1.7. Budgeted Cash Flows as per Table A7;
- 1.1.8. Cash backed reserves and accumulated surplus reconciliation as per Table A8;
- 1.1.9. Asset management as per Table A9; and
- 1.1.10. Basic service delivery measurement reflected as per Table A10.

2. The Council of Emalahleni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as set out and included in the budget documentation, with effect from 1 July 2016:

2.1. The tariffs for property rates which are increasing on average by 6%

- Residential 0.0087c/R
- Undeveloped land 0.0087c/R
- Municipal Buildings/Properties 0c/R
- Business 0.0130 c/R
- Government 0.0130 c/R
- Agriculture 0.0022 c/R
- Public Service Infrastructure 0c/R
- Public Benefit Organisations 0.0022 c/R

2.2. The tariffs for electricity which increase on average by 7.64% as per NERSA guide can only be approved and implemented after approval by NERSA.

2.3. The tariffs for solid waste services which are increasing on average by 6%.

3. The tariffs for all other services which are increasing on average by 6%, as set out in the attached budget documentation as (**Annexure A**).
4. Council resolves that the budget related policies reflected and listed below are approved for the budget year 2016/17
 - Property Rates policy (Going to policy review workshop before 31 May 2016)
 - Budget Policy (Going to policy review workshop before 31 May 2016)
 - Tariff policy (Going to policy review workshop before 31 May 2016)
 - Indigence Policy (Going to policy review workshop before 31 May 2016)
 - Credit control and Debt collection
 - Cash Management and Investments policy (Going to policy review workshop before 31 May 2016)
 - Asset and Disposal Management policies
 - Funding and Reserve policy (Going to policy review workshop before 31 May 2016)
 - Debt and Borrowing policy (Going to policy review workshop before 31 May 2016)
 - Fleet Management policy (Going to policy review workshop before 31 May 2016)
 - Virements policy (Going to policy review workshop before 31 May 2016)
 - Petty Cash Policy (Going to policy review workshop before 31 May 2016)
 - Supply Chain Management policy
5. Council resolves that the filling of vacant/new posts be suspended until the business re-engineering processes has been finalised.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 78 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2016/17 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The continued grant dependency of the municipality that is worsened by poor collection rate due to ongoing difficulties in the national and local economy;
- Infrastructure challenges such as aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality's health position is quickly becoming unhealthy and as such needs to be stabilised and further strive to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality. Reserves have been slowly depleted over the last couple of year and the municipality must strive to re-establishing a Capital Replacing Reserve to fund future capital projects to help mitigate the over dependence on grants for funding capital projects.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A1 Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Financial Performance | | | | | | | | | | |
| Property rates | 3 194 | 3 218 | 3 719 | 3 551 | 4 143 | 4 143 | 4 143 | 4 391 | 4 066 | 4 305 |
| Service charges | 14 914 | 21 381 | 11 180 | 16 015 | 11 530 | 11 530 | 11 530 | 12 903 | 13 857 | 14 665 |
| Investment revenue | 2 862 | 3 005 | 3 350 | 2 186 | 3 399 | 3 399 | 3 399 | 3 545 | 3 750 | 3 971 |
| Transfers recognised - operational | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Other own revenue | 29 217 | 36 260 | 9 360 | 6 776 | 6 916 | 6 916 | 6 916 | 6 757 | 6 333 | 6 707 |
| Total Revenue (excluding capital transfers and contributions) | 135 602 | 162 305 | 140 489 | 172 282 | 171 416 | 171 416 | 171 416 | 158 285 | 160 740 | 162 003 |
| Employee costs | 43 685 | 47 295 | 42 783 | 59 207 | 54 768 | 54 768 | 54 768 | 61 381 | 68 702 | 72 755 |
| Remuneration of councillors | 9 101 | 9 812 | 10 104 | 10 739 | 10 896 | 10 896 | 10 896 | 11 728 | 12 900 | 13 662 |
| Depreciation & asset impairment | 21 451 | 31 703 | 31 314 | 24 503 | 24 432 | 24 432 | 24 432 | 25 003 | 25 935 | 27 466 |
| Finance charges | 642 | 690 | 787 | 730 | 500 | 500 | 500 | 850 | 837 | 886 |
| Materials and bulk purchases | 11 232 | 12 851 | 14 809 | 18 040 | 18 040 | 18 040 | 18 040 | 18 650 | 19 094 | 20 221 |
| Transfers and grants | 141 | 1 808 | 1 631 | 2 800 | 3 874 | 3 874 | 3 874 | 3 672 | 3 888 | 4 181 |
| Other expenditure | 67 484 | 91 675 | 80 963 | 86 484 | 90 704 | 90 704 | 90 704 | 67 995 | 63 414 | 67 155 |
| Total Expenditure | 153 737 | 195 833 | 182 391 | 202 502 | 203 213 | 203 213 | 203 213 | 189 278 | 194 770 | 206 326 |
| Surplus/(Deficit) | (18 135) | (33 527) | (41 902) | (30 220) | (31 797) | (31 797) | (31 797) | (30 993) | (34 030) | (44 323) |
| Transfers recognised - capital | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Contributions recognised - capital & contributed | — | — | 346 | — | — | — | — | — | — | — |
| Surplus/(Deficit) after capital transfers & contributions | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |
| Share of surplus/ (deficit) of associate | — | — | — | — | — | — | — | — | — | — |
| Surplus/(Deficit) for the year | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| Transfers recognised - capital | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Public contributions & donations | — | 1 312 | — | — | — | — | — | — | — | — |
| Borrowing | — | — | — | — | — | — | — | — | — | — |
| Internally generated funds | (3 723) | 7 591 | 8 186 | 11 900 | 19 333 | 19 333 | 19 333 | 8 800 | — | — |
| Total sources of capital funds | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| Financial position | | | | | | | | | | |
| Total current assets | 66 482 | 70 496 | 55 816 | 32 608 | 44 694 | 44 694 | 44 694 | 37 173 | 47 330 | 57 260 |
| Total non current assets | 434 523 | 431 969 | 446 104 | 465 646 | 471 621 | 471 621 | 471 621 | 485 588 | 492 201 | 499 007 |
| Total current liabilities | 17 575 | 23 968 | 37 293 | 17 143 | 40 913 | 40 913 | 40 913 | 47 791 | 65 200 | 92 078 |
| Total non current liabilities | 8 318 | 8 954 | 6 241 | 9 997 | 5 816 | 5 816 | 5 816 | 6 929 | 8 266 | 8 676 |
| Community wealth/Equity | 475 112 | 469 543 | 458 385 | 471 114 | 469 586 | 469 586 | 469 586 | 467 540 | 466 059 | 456 007 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 24 657 | 35 396 | 18 153 | 29 769 | 34 600 | 34 600 | 34 600 | 15 062 | 15 355 | 9 414 |
| Net cash from (used) investing | (17 070) | (37 101) | (36 956) | (42 515) | (49 537) | (49 537) | (49 537) | (39 912) | (32 924) | (34 013) |
| Net cash from (used) financing | (536) | (416) | (414) | (5) | (260) | (260) | (260) | (263) | — | — |
| Cash/cash equivalents at the year end | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 534) | (26 103) | (50 702) |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 534) | (26 103) | (50 702) |
| Application of cash and investments | 5 320 | 12 448 | 16 569 | (677) | 9 095 | 9 095 | 9 095 | (2 032) | (9 564) | (13 973) |
| Balance - surplus (shortfall) | 47 795 | 38 545 | 15 208 | 21 833 | 7 484 | 7 484 | 7 484 | (6 503) | (16 539) | (36 729) |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 434 523 | 431 969 | 446 104 | 465 646 | 471 621 | 471 621 | 485 588 | 485 588 | 492 201 | 499 007 |
| Depreciation & asset impairment | 21 451 | 31 703 | 31 314 | 24 503 | 24 432 | 24 432 | 25 003 | 25 003 | 25 935 | 27 466 |
| Renewal of Existing Assets | — | — | — | — | — | — | — | — | — | — |
| Repairs and Maintenance | 7 278 | 8 712 | 5 083 | 12 386 | 9 973 | 9 973 | 7 613 | 7 613 | 12 302 | 13 027 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | — | — | — | 2 100 | 3 174 | 3 174 | 3 174 | 3 174 | 2 938 | 3 147 |
| Revenue cost of free services provided | 1 225 | 899 | — | 433 | 433 | 459 | 460 | 460 | 462 | 463 |
| Households below minimum service level | | | | | | | | | | |
| Water: | 21 | 21 | — | — | — | — | — | — | — | — |
| Sanitation/sewage: | 23 | 23 | — | — | — | — | — | — | — | — |
| Energy: | — | — | — | — | — | — | — | — | — | — |
| Refuse: | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |

Total operating revenue has decreased by 7.66 per cent for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 1.55 and 0.79 per cent respectively.

Total operating expenditure for the 2016/17 financial year has been appropriated at R 189.278 million and translates into a budgeted deficit of R 30.993 million before capital transfers. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by 6.86 per cent in the 2016/17 budget and increase by 2.9 and 5.93 for the two outer years of the MTREF. The operating surplus position in the 2016/17, after capital grant transfers, changes to a deficit position of R 1.481 million in the first outer year and further worsens in the second outer year to R 10.025 million. This projected deficit position is cause for great concern and calls for re-forecasting of these two outer years before the final budget.

The capital budget of R38.970 million for 2016/17 will show a decrease when compared to the 2015/16 Adjustment Budget. The reason for the decrease is the municipality is realising that its reserves are been exhausted and that it is not able to fund capital projects from own funds.

No borrowing for capital projects is planned at this time, but the municipality will have to strongly consider this option given the limited financial resources.

1.4 Operating Revenue Framework

For Emalahleni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to look to review and revamp its revenue enhancement strategy. The latter will assist the municipality to identify areas to improve its revenue collection. The municipality also reviews its revenue related policies annually with the objective of streamlining revenue collection and enhancement through its approved policies.

The inflation forecasts for the MTREF period is 6% for the budget year and on average 5.8 for the two outer years. The municipality's strives not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases that are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2016/17MTREF (classified by main revenue source):

| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|---------------------|------------------------|------------------------|
| Financial Performance | | | | | | | | | | |
| Property rates | 3 194 | 3 218 | 3 719 | 3 551 | 4 143 | 4 143 | 4 143 | 4 391 | 4 066 | 4 305 |
| Service charges | 14 914 | 21 381 | 11 180 | 16 015 | 11 530 | 11 530 | 11 530 | 12 903 | 13 857 | 14 665 |
| Investment revenue | 2 862 | 3 005 | 3 350 | 2 186 | 3 399 | 3 399 | 3 399 | 3 545 | 3 750 | 3 971 |
| Transfers recognised - operational | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Other own revenue | 29 217 | 36 260 | 9 360 | 6 776 | 6 916 | 6 916 | 6 916 | 6 757 | 6 333 | 6 707 |
| Total Revenue (excluding capital transfers and contributions) | 135 602 | 162 305 | 140 489 | 172 282 | 171 416 | 171 416 | 171 416 | 158 285 | 160 740 | 162 003 |

The percentage revenue from own sources increases minimally during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source.

Details in this regard are contained below:

EC136 Emalahleni (EC) - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | | | |
| Property rates | 6 | | | | | | | | | | |
| Total Property Rates | | 3 194 | 3 218 | 3 719 | 3 984 | 4 576 | 4 576 | 4 576 | 4 824 | 4 498 | 4 738 |
| less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) | | | | | 433 | 433 | 433 | 433 | 433 | 433 | 433 |
| Net Property Rates | | 3 194 | 3 218 | 3 719 | 3 551 | 4 143 | 4 143 | 4 143 | 4 391 | 4 066 | 4 305 |
| Service charges - electricity revenue | 6 | | | | | | | | | | |
| Total Service charges - electricity revenue | | 6 425 | 8 078 | 8 823 | 13 483 | 8 685 | 8 685 | 8 685 | 10 176 | 10 888 | 11 531 |
| less Revenue Foregone (in excess of 50 kwh per indigent household per month) | | 762 | 30 | | | | | | | | |
| less Cost of Free Basis Services (50 kwh per indigent household per month) | | — | — | — | 1 300 | 1 950 | 1 950 | 1 950 | 2 100 | 2 300 | 2 500 |
| Net Service charges - electricity revenue | | 5 662 | 8 048 | 8 823 | 13 483 | 8 685 | 8 685 | 8 685 | 10 176 | 10 888 | 11 531 |
| Service charges - refuse revenue | 6 | | | | | | | | | | |
| Total refuse removal revenue | | 2 888 | 3 014 | 2 357 | 3 333 | 4 069 | 4 069 | 4 069 | 3 566 | 3 816 | 4 041 |
| Total landfill revenue | | — | — | — | — | — | — | — | — | — | — |
| less Revenue Foregone (in excess of one removal a week to indigent households) | | 141 | 319 | | | | | | | | |
| less Cost of Free Basis Services (removed once a week to indigent households) | | — | — | — | 800 | 1 224 | 1 224 | 1 224 | 838 | 847 | 906 |
| Net Service charges - refuse revenue | | 2 747 | 2 695 | 2 357 | 2 533 | 2 846 | 2 846 | 2 846 | 2 728 | 2 969 | 3 135 |
| Other revenue | | | | | | | | | | | |
| Branding of Livestock | | | | 42 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Building plans | | | | 20 | 2 | 22 | 22 | 22 | 2 | 2 | 2 |
| Cemetery Fees | | | | 32 | 36 | 36 | 36 | 36 | 37 | 37 | 39 |
| Connection Fees | | | | 53 | 82 | 159 | 159 | 159 | 87 | 93 | 99 |
| Housing Admin Fees | | | | — | 70 | 70 | 70 | 70 | 74 | 77 | 82 |
| Insurance Income | | | | 251 | 148 | 148 | 148 | 148 | 154 | 163 | 172 |
| LGSETA | | | | 67 | — | 39 | 39 | 39 | — | — | — |
| Pound Fees | | | | 12 | 49 | 33 | 33 | 33 | 50 | 53 | 57 |
| Registrations | | | | 0 | — | 5 | 5 | 5 | — | — | — |
| Sundry Income | | 21 434 | 27 135 | 1 035 | 76 | 130 | 130 | 130 | 74 | 80 | 84 |
| Administration charges | | | | 1 961 | — | — | — | — | — | — | — |
| Duplicate documents | 3 | | | | 4 | — | — | — | 4 | 4 | 5 |
| Total 'Other' Revenue | 1 | 21 434 | 27 135 | 3 474 | 467 | 643 | 643 | 643 | 484 | 511 | 541 |

Tariffs for indigent households are set out below:

| | |
|---|---|
| 1 | Rates free of charge to the value based on market value of his property to the maximum of R60 000 |
| 2 | 50 kWh free electricity per month |
| 3 | Free refuse x 4 removal per month |

Operating grants and transfers totals R130.689 million in the 2016/17 financial year and increases to R133.154 million by 2018/19. The unconditional Equitable Share Grant, that generally increases year on year, has decreased by R 2 million in 2016/17 and the Conditional MSIG grant has not been gazetted for the 2016/17 year.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC136 Emalahleni (EC) - Supporting Table SA18 Transfers and grant receipts

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| RECEIPTS: | 1, 2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | 82 270 | 94 165 | 108 978 | 142 953 | 142 953 | 142 953 | 129 886 | 130 901 | 132 354 |
| Local Government Equitable Share | | 69 797 | 78 749 | 92 038 | 116 537 | 116 537 | 116 537 | 114 599 | 121 843 | 127 950 |
| Municipal Infrastructure Grant (MIG) - Operating | | | 880 | 1 989 | 1 611 | 1 611 | 1 611 | 1 588 | 1 713 | 1 804 |
| Local Government Financial Management Grant (FMG) | | 1 379 | 1 650 | 1 800 | 1 875 | 1 875 | 1 875 | 2 010 | 2 345 | 2 600 |
| Municipal Systems Improvement Grant (MSIG) | | 736 | 890 | 934 | 930 | 930 | 930 | 957 | — | — |
| Integrated National Electrification Grant (INEP) | | 9 000 | 10 996 | 11 000 | 21 000 | 21 000 | 21 000 | 9 317 | 5 000 | — |
| Extended Public Works Program (EPWP) | | 1 358 | 1 000 | 1 217 | 1 000 | 1 000 | 1 000 | 1 415 | — | — |
| Other transfers/grants [insert description] | | — | — | — | — | — | — | — | — | — |
| Provincial Government: | | 441 | 831 | 2 403 | 800 | 1 074 | 1 074 | 803 | 800 | 800 |
| Library | | 441 | 831 | 803 | 800 | 1 074 | 1 074 | 803 | 800 | 800 |
| Waste Management Grant | | — | — | 1 600 | — | — | — | — | — | — |
| LED | | — | — | — | — | — | — | — | — | — |
| District Municipality: | | 2 705 | 3 446 | 1 500 | — | 1 400 | 1 400 | — | — | — |
| CHDM Paving and beautification | | — | — | 1 500 | — | 1 000 | 1 000 | — | — | — |
| Greenest Municipality Grant | | — | — | — | — | 200 | 200 | — | — | — |
| IT Support Grant | | — | — | — | — | 200 | 200 | — | — | — |
| CHDM Other | | 2 705 | 3 446 | — | — | — | — | — | — | — |
| Other grant providers: | | — | — | — | — | — | — | — | — | — |
| [insert description] | | — | — | — | — | — | — | — | — | — |
| Total Operating Transfers and Grants | 5 | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 130 689 | 131 701 | 133 154 |

Revenue from capital transfers as indicated below is growing steadily in the MTREF period from R 30.170 million in 2016/17 to R34.271 million in 2018/19.

| | | | | | | | | | | |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | 23 095 | 22 739 | 28 981 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Municipal Infrastructure Grant (MIG) | | 23 095 | 22 739 | 28 981 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Provincial Government: | | — | — | — | — | — | — | — | — | — |
| Waste Management Grant | | — | — | — | — | — | — | — | — | — |
| District Municipality: | | — | — | — | — | — | — | — | — | — |
| CHDM Food Program | | — | — | — | — | — | — | — | — | — |
| Other grant providers: | | — | — | — | — | — | — | — | — | — |
| [insert description] | | — | — | — | — | — | — | — | — | — |
| Total Capital Transfers and Grants | 5 | 23 095 | 22 739 | 28 981 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |

Total revenue per municipal vote, including capital transfers, is listed below:

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| 2016/17 Medium Term Revenue & Expenditure Framework | | | | | | | | | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Vote Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | 238 | 5 492 | 6 652 | 6 140 | 6 340 | 6 340 | 6 458 | 6 773 | 7 107 |
| Vote 2 - Corporate Services | | 84 | 0 | 68 | 1 | 40 | 40 | — | — | — |
| Vote 3 - Budget and Treasury | | 79 046 | 77 343 | 100 934 | 120 270 | 121 497 | 121 497 | 120 492 | 127 776 | 133 322 |
| Vote 4 - Economic Development, Tourism and Agriculture | | 2 362 | 2 884 | 158 | 5 | 25 | 25 | 5 | 5 | 6 |
| Vote 5 - Community and Social Services | | 8 272 | 14 698 | 8 469 | 6 274 | 75 203 | 75 203 | 7 221 | 7 372 | 6 959 |
| Vote 6 - Infrastructure Development and Housing Services | | 66 392 | 90 086 | 54 954 | 71 007 | 150 | 150 | 55 118 | 52 209 | 49 786 |
| Total Revenue by Vote | 2 | 156 394 | 190 504 | 171 234 | 203 697 | 203 254 | 203 254 | 189 294 | 194 136 | 197 180 |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment. The contribution for bad debt is increasing from R 2.3 million in 2015/16 to R 2.526 million in 2016/17 financial year.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 6% average, including electricity adjustments.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Supporting Table SA14 Household bills

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 % incr. | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Rand/cent | | | | | | | | | | | |
| Monthly Account for Household - 'Middle Income Range' | 1 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 396.67 | 420.00 | 445.96 | 478.33 | 478.33 | 468.08 | 6.0% | 496.63 | 525.17 | 553.71 |
| Electricity: Basic levy | | 1.09 | 54.50 | — | — | — | — | | | | |
| Electricity: Consumption | | 1 024.70 | 1 090.00 | 740.00 | 830.00 | 830.00 | 830.00 | 8.0% | 896.40 | 948.39 | 1 003.40 |
| Water: Basic levy | | 37.02 | 39.24 | — | — | — | — | | | | |
| Water: Consumption | | 117.60 | 432.30 | — | — | — | — | | | | |
| Sanitation | | 68.75 | 72.88 | — | — | — | — | | | | |
| Refuse removal | | 62.55 | 65.93 | 66.30 | 70.55 | 70.55 | 70.55 | 6.0% | 74.78 | 79.12 | 83.71 |
| Other | | | | | | | | | | | |
| sub-total | | 1 708.38 | 2 174.85 | 1 252.26 | 1 378.88 | 1 378.88 | 1 368.63 | 6.4% | 1 467.81 | 1 552.68 | 1 640.82 |
| VAT on Services | | 161.09 | 215.51 | 99.02 | 110.59 | 110.59 | 110.59 | 0.02 | 119.27 | 126.19 | 133.50 |
| Total large household bill: | | 1 869.46 | 2 390.36 | 1 351.28 | 1 489.48 | 1 489.48 | 1 479.23 | 6.6% | 1 587.08 | 1 678.86 | 1 774.32 |
| % increase/-decrease | | | 27.9% | (43.5%) | 10.2% | — | (0.7%) | | 7.3% | 5.8% | 5.7% |
| Monthly Account for Household - 'Affordable Range' | 2 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 283.33 | 300.00 | 318.54 | 341.67 | 341.67 | 331.42 | 6.1% | 351.63 | 372.02 | 393.60 |
| Electricity: Basic levy | | 81.00 | 54.50 | — | — | — | — | | | | |
| Electricity: Consumption | | 512.35 | 545.00 | 370.00 | 415.00 | 415.00 | 415.00 | 8.0% | 448.20 | 474.20 | 501.70 |
| Water: Basic levy | | 34.93 | 37.02 | — | — | — | — | | | | |
| Water: Consumption | | 98.00 | 360.25 | — | — | — | — | | | | |
| Sanitation | | 65.23 | 68.75 | — | — | — | — | | | | |
| Refuse removal | | 59.35 | 62.55 | 66.30 | 70.55 | 70.55 | 70.55 | 6.0% | 74.78 | 79.12 | 83.71 |
| Other | | | | | | | | | | | |
| sub-total | | 1 134.19 | 1 428.07 | 754.84 | 827.22 | 827.22 | 816.97 | 5.7% | 874.61 | 925.34 | 979.00 |
| VAT on Services | | 104.49 | 138.53 | 53.58 | 59.63 | 59.63 | 59.63 | 0.02 | 64.23 | 67.95 | 71.89 |
| Total small household bill: | | 1 238.68 | 1 566.60 | 808.42 | 886.85 | 886.85 | 876.60 | 5.9% | 938.83 | 993.29 | 1 050.90 |
| % increase/-decrease | | | 26.5% | (48.4%) | 9.7% | — | (1.2%) | | 7.1% | 5.8% | 5.8% |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | 3 | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | | |
| Property rates | | 170.00 | 180.00 | 181.57 | 205.00 | 205.00 | 194.75 | 6.1% | 206.63 | 218.61 | 230.15 |
| Electricity: Basic levy | | 81.00 | 270.00 | — | — | — | — | | | | |
| Electricity: Consumption | | 358.65 | 381.50 | 259.00 | 290.50 | 290.50 | 290.50 | 8.0% | 313.74 | 331.94 | 351.19 |
| Water: Basic levy | | 34.93 | 37.02 | — | — | — | — | | | | |
| Water: Consumption | | 78.40 | 201.74 | — | — | — | — | | | | |
| Sanitation | | 65.23 | 68.75 | — | — | — | — | | | | |
| Refuse removal | | 59.35 | 62.55 | 66.30 | 70.55 | 70.55 | 70.55 | 6.0% | 74.78 | 79.12 | 83.71 |
| Other | | | | | | | | | | | |
| sub-total | | 847.56 | 1 201.56 | 506.87 | 566.05 | 566.05 | 555.80 | 5.1% | 595.15 | 629.67 | 665.05 |
| VAT on Services | | 83.21 | 125.45 | 39.95 | 44.34 | 44.34 | 44.34 | 0.02 | 47.71 | 50.48 | 53.41 |
| Total small household bill: | | 930.76 | 1 327.01 | 546.82 | 610.39 | 610.39 | 600.14 | 5.3% | 642.86 | 680.15 | 718.46 |
| % increase/-decrease | | | 42.6% | (58.8%) | 11.6% | — | (1.7%) | | 7.1% | 5.8% | 5.6% |

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 78;
- Balanced budget constraint (operating expenditure should not exceed operating Revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit; Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
 - The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
 - Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & | | |
|---------------------------------|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 43 685 | 47 295 | 42 783 | 59 207 | 54 768 | 54 768 | 54 768 | 61 381 | 68 702 | 72 755 |
| Remuneration of councillors | | 9 101 | 9 812 | 10 104 | 10 739 | 10 896 | 10 896 | 10 896 | 11 728 | 12 900 | 13 662 |
| Debt impairment | 3 | 9 539 | 19 245 | 13 567 | 1 300 | 2 300 | 2 300 | 2 300 | 2 526 | 1 376 | 1 457 |
| Depreciation & asset impairment | 2 | 21 451 | 31 703 | 31 314 | 24 503 | 24 432 | 24 432 | 24 432 | 25 003 | 25 935 | 27 466 |
| Finance charges | | 642 | 690 | 787 | 730 | 500 | 500 | 500 | 850 | 837 | 886 |
| Bulk purchases | 2 | 11 232 | 12 851 | 14 809 | 18 040 | 18 040 | 18 040 | 18 040 | 18 650 | 19 094 | 20 221 |
| Other materials | 8 | | | | | | | | | | |
| Contracted services | | 2 713 | 3 994 | 5 564 | 4 327 | 3 980 | 3 980 | 3 980 | 3 956 | 4 437 | 4 699 |
| Transfers and grants | | 141 | 1 808 | 1 631 | 2 800 | 3 874 | 3 874 | 3 874 | 3 672 | 3 888 | 4 181 |
| Other expenditure | 4, 5 | 52 488 | 60 017 | 60 085 | 80 857 | 84 424 | 84 424 | 84 424 | 61 513 | 57 601 | 60 999 |
| Loss on disposal of PPE | | 2 744 | 8 419 | 1 747 | | | | | | | |
| Total Expenditure | | 153 737 | 195 833 | 182 391 | 202 502 | 203 213 | 203 213 | 203 213 | 189 278 | 194 770 | 206 326 |

The budgeted allocation for employee related costs for the 2016/17 financial year totals R 61.381 million, which equals 32.4 per cent of the total operating expenditure. This percentage increases to 35% in the outer years of the MTREF period. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis, the costs represent 42 per cent of the expenditure and increase to 45% in the outer years. Based on the guidance provided by National Treasury in Circular 58 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of 10 per cent (including the notch increases of 2.5 %) for the 2016/17 financial year. An annual increase of 10% has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 48% and the Debt Write-off Policy of the Municipality. For the 2016/17 financial year this amount equates to R 2.562 million. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R 25 million for the 2016/17 financial and equates to 13 per cent of the total operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 9.85 per cent of expenditure and increase to 10 per cent in the outer years.

Main operational expenditure categories for the 2016/17 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2015/2016 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC136 Emalahleni (EC) - Supporting Table SA34c Repairs and maintenance expenditure by asset class

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | 5 226 | 4 980 | 1 907 | 8 128 | 5 828 | 5 828 | 3 600 | 8 603 | 9 110 |
| Infrastructure - Road transport | | 1 106 | 1 190 | 1 569 | 4 118 | 3 448 | 3 448 | 2 200 | 4 359 | 4 616 |
| <i>Roads, Pavements & Bridges</i> | | 883 | 940 | 1 245 | 3 725 | 3 125 | 3 125 | 2 000 | 3 943 | 4 175 |
| <i>Storm water</i> | | 223 | 250 | 324 | 393 | 323 | 323 | 200 | 416 | 441 |
| Infrastructure - Electricity | | 647 | 1 056 | 338 | 4 009 | 2 379 | 2 379 | 1 400 | 4 244 | 4 494 |
| <i>Generation</i> | | — | — | — | — | — | — | — | — | — |
| <i>Transmission & Reticulation</i> | | 315 | 226 | 338 | 1 098 | 1 098 | 1 098 | 700 | 1 162 | 1 230 |
| <i>Street Lighting</i> | | 332 | 830 | — | 2 912 | 1 282 | 1 282 | 700 | 3 082 | 3 264 |
| Infrastructure - Water | | 2 386 | 2 702 | — | — | — | — | — | — | — |
| <i>Reticulation</i> | | 2 386 | 2 702 | — | — | — | — | — | — | — |
| Infrastructure - Sanitation | | 1 086 | 32 | — | — | — | — | — | — | — |
| <i>Reticulation</i> | | 1 086 | 32 | — | — | — | — | — | — | — |
| Community | | 86 | 110 | 715 | 100 | 175 | 175 | 750 | 185 | 196 |
| Parks & gardens | | — | 13 | 235 | — | 68 | 68 | 380 | 72 | 76 |
| Sportsfields & stadia | | 4 | — | 3 | 100 | 107 | 107 | 170 | 113 | 120 |
| Cemeteries | | 82 | 97 | 478 | — | 0 | 0 | 200 | — | — |
| Heritage assets | | — | — | — | — | — | — | — | — | — |
| Buildings | | — | — | — | — | — | — | — | — | — |
| Investment properties | | — | — | — | — | — | — | — | — | — |
| Housing development | | — | — | — | — | — | — | — | — | — |
| Other assets | | 1 966 | 3 622 | 2 461 | 4 159 | 3 971 | 3 971 | 3 263 | 3 514 | 3 721 |
| General vehicles | | 1 042 | 772 | 800 | 2 422 | 1 651 | 1 651 | 1 570 | 2 342 | 2 480 |
| Specialised vehicles | 10 | — | — | — | — | — | — | — | — | — |
| Plant & equipment | | 127 | 2 483 | 46 | 1 097 | 839 | 839 | 633 | 532 | 563 |
| Computers - hardware/equipment | | 2 | — | — | — | — | — | — | — | — |
| Furniture and other office equipment | | 78 | 95 | 65 | 56 | 70 | 70 | — | 17 | 18 |
| Civic Land and Buildings | | 716 | 272 | 1 549 | 583 | 1 411 | 1 411 | 1 060 | 623 | 660 |
| Agricultural assets | | — | — | — | — | — | — | — | — | — |
| <i>List sub-class</i> | | — | — | — | — | — | — | — | — | — |
| Biological assets | | — | — | — | — | — | — | — | — | — |
| <i>List sub-class</i> | | — | — | — | — | — | — | — | — | — |
| Intangibles | | — | — | — | — | — | — | — | — | — |
| Computers - software & programming | | — | — | — | — | — | — | — | — | — |
| Other (list sub-class) | | — | — | — | — | — | — | — | — | — |
| Total Repairs and Maintenance Expenditure | 1 | 7 277 | 8 712 | 5 083 | 12 386 | 9 973 | 9 973 | 7 613 | 12 302 | 13 027 |

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below. (Note that Water and Sanitation were transferred to CHDM from 1 July 2014)

The cost of the social package of the registered indigent households is financed by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants as a result of free basic services totals R2.938 million in the budget year of 2016/17 and increasing to R 3.147 million and R3.406 million in the outer years.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive and Council | | – | – | – | – | – | – | – | 2 500 | – | – |
| Vote 2 - Corporate Services | | – | – | – | – | 1 682 | – | – | – | – | – |
| Vote 3 - Budget and Treasury | | – | – | – | – | 638 | – | – | – | – | – |
| Vote 4 - Economic Development, Tourism and Agriculture | | – | – | – | – | 10 | – | – | – | – | – |
| Vote 5 - Community and Social Services | | 6 437 | 11 753 | – | 18 922 | – | – | – | 6 402 | 3 858 | 8 700 |
| Vote 6 - Infrastructure Development and Housing Services | | 7 816 | 12 710 | – | 11 693 | – | – | – | 22 768 | 13 733 | – |
| Capital multi-year expenditure sub-total | 7 | 14 254 | 24 463 | – | 30 615 | 2 330 | – | – | 31 670 | 17 591 | 8 700 |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive and Council | | 439 | 809 | 4 381 | 2 210 | 5 977 | 5 977 | 5 977 | – | – | – |
| Vote 2 - Corporate Services | | 159 | 133 | 4 092 | 900 | 6 536 | 6 536 | 6 536 | 4 200 | – | – |
| Vote 3 - Budget and Treasury | | 672 | 1 648 | 2 371 | 260 | 200 | 200 | 200 | – | – | – |
| Vote 4 - Economic Development, Tourism and Agriculture | | 135 | 1 597 | – | 4 280 | 1 200 | 1 200 | 1 200 | – | – | – |
| Vote 5 - Community and Social Services | | 1 154 | 682 | 20 201 | 2 750 | 14 266 | 14 266 | 14 266 | 2 000 | – | 25 571 |
| Vote 6 - Infrastructure Development and Housing Services | | 258 | 7 770 | 7 541 | 1 500 | 19 440 | 19 440 | 19 440 | 1 100 | 14 958 | – |
| Capital single-year expenditure sub-total | | 2 817 | 12 638 | 38 585 | 11 900 | 47 618 | 47 618 | 47 618 | 7 300 | 14 958 | 25 571 |
| Total Capital Expenditure - Vote | | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 47 618 | 47 618 | 38 970 | 32 549 | 34 271 |
| Capital Expenditure - Standard | | | | | | | | | | | |
| Governance and administration | | 1 269 | 2 590 | 10 844 | 3 370 | 15 033 | 15 033 | 15 033 | 6 700 | – | – |
| Executive and council | | 439 | 809 | 4 381 | 2 210 | 5 977 | 5 977 | 5 977 | 2 500 | – | – |
| Budget and treasury office | | 672 | 1 648 | 2 371 | 260 | 838 | 838 | 838 | – | – | – |
| Corporate services | | 159 | 133 | 4 092 | 900 | 8 218 | 8 218 | 8 218 | 4 200 | – | – |
| Community and public safety | | 7 844 | 8 465 | 18 386 | 10 999 | 14 266 | 14 266 | 14 266 | 3 914 | 2 858 | 34 271 |
| Community and social services | | 7 591 | 2 857 | 13 423 | 7 383 | 12 268 | 12 268 | 12 268 | 3 914 | 2 858 | 34 271 |
| Sport and recreation | | – | 4 333 | 4 964 | 3 000 | 1 998 | 1 998 | 1 998 | – | – | – |
| Public safety | | 253 | 1 275 | – | 616 | – | – | – | – | – | – |
| Economic and environmental services | | 7 951 | 22 077 | 7 541 | 17 273 | 19 440 | 19 440 | 19 440 | 21 002 | 19 636 | – |
| Planning and development | | 135 | 1 597 | 262 | 4 280 | – | – | – | – | – | – |
| Road transport | | 7 816 | 20 480 | 7 279 | 12 993 | 19 440 | 19 440 | 19 440 | 21 002 | 19 636 | – |
| Trading services | | 5 | 3 970 | 1 814 | 10 874 | 1 210 | 1 210 | 1 210 | 7 354 | 10 055 | – |
| Electricity | | – | – | – | – | – | – | – | 2 865 | 9 055 | – |
| Water | | 5 | – | – | – | – | – | – | – | – | – |
| Waste water management | | – | – | – | – | 10 | 10 | 10 | – | – | – |
| Waste management | | – | 3 970 | 1 814 | 10 874 | 1 200 | 1 200 | 1 200 | 4 488 | 1 000 | – |
| Other | | – | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure - Standard | 3 | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| Funded by: | | | | | | | | | | | |
| National Government | | 20 793 | 28 198 | 30 142 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Provincial Government | | – | – | 257 | – | – | – | – | – | – | – |
| Transfers recognised - capital | 4 | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Public contributions & donations | 5 | – | 1 312 | – | – | – | – | – | – | – | – |
| Internally generated funds | | (3 723) | 7 591 | 8 186 | 11 900 | 19 333 | 19 333 | 19 333 | 8 800 | – | – |
| Total Capital Funding | 7 | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC136 Emalahleni (EC) - Supporting Table SA34a Capital expenditure on new assets by asset class

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | 7 749 | 15 733 | 6 520 | 12 893 | 19 440 | 19 440 | 23 868 | 28 691 | – |
| Infrastructure - Road transport | | 7 749 | 14 541 | 6 520 | 12 893 | 19 440 | 19 440 | 21 002 | 19 636 | – |
| Roads, Pavements & Bridges | | 7 749 | 14 541 | 6 520 | 12 893 | 19 440 | 19 440 | 21 002 | 19 636 | – |
| Infrastructure - Electricity | | – | – | – | – | – | – | 2 865 | 9 055 | – |
| Transmission & Reticulation | | | | | | | | 100 | – | – |
| Street Lighting | | | | | | | | 2 765 | 9 055 | – |
| Infrastructure - Other | | – | 1 192 | – | – | – | – | – | – | – |
| Other | 3 | – | 1 192 | | | | | – | – | – |
| Community | | 5 864 | 6 924 | 17 654 | 9 383 | 7 981 | 7 981 | 2 173 | 1 100 | 13 501 |
| Parks & gardens | | – | 281 | 42 | 900 | 500 | 500 | 1 373 | 1 100 | – |
| Sportsfields & stadia | | 4 902 | 4 333 | 4 964 | 3 000 | 1 998 | 1 998 | – | – | 13 501 |
| Swimming pools | | – | – | – | – | – | – | – | – | – |
| Community halls | | – | 1 244 | 10 165 | 4 632 | 4 632 | 4 632 | – | – | – |
| Recreational facilities | | 54 | – | – | – | – | – | – | – | – |
| Cemeteries | | 907 | 135 | 2 483 | 550 | 550 | 550 | 500 | – | – |
| Social rental housing | 8 | – | – | – | – | – | – | – | – | – |
| Other | | – | 931 | – | 300 | 300 | 300 | 300 | – | – |
| Heritage assets | | – | – | – | – | – | – | – | – | – |
| Buildings | | | | | | | | | | |
| Investment properties | | – | – | – | – | – | – | – | – | – |
| Housing development | | | | | | | | | | |
| Other assets | | 1 952 | 14 444 | 14 281 | 20 240 | 22 528 | 22 528 | 12 930 | 2 758 | 20 771 |
| General vehicles | | 256 | 1 112 | 3 800 | 3 800 | 800 | 800 | 1 000 | – | – |
| Specialised vehicles | 10 | – | – | – | – | – | – | – | – | – |
| IT & equipment | | 260 | 6 135 | 3 | 500 | 6 700 | 6 700 | 3 000 | – | – |
| Computers - hardware/equipment | | 516 | 592 | 432 | 480 | 1 052 | 1 052 | 350 | – | – |
| Furniture and other office equipment | | 321 | 444 | 910 | 330 | 1 054 | 1 054 | 1 050 | – | – |
| Civic Land and Buildings | | 599 | 6 161 | – | 13 730 | 11 522 | 11 522 | 6 488 | 1 000 | 17 971 |
| Other Buildings | | | | 8 458 | – | – | – | – | – | – |
| Other | | | | 678 | 1 400 | 1 400 | 1 400 | 1 041 | 1 758 | 2 800 |
| Agricultural assets | | – | – | – | – | – | – | – | – | – |
| List sub-class | | | | | | | | | | |
| Biological assets | | – | – | – | – | – | – | – | – | – |
| List sub-class | | | | | | | | | | |
| Intangibles | | 126 | – | 70 | – | – | – | – | – | – |
| Computers - software & programming | | 126 | – | 70 | | | | – | – | – |
| Other (list sub-class) | | | | | | | | | | |
| Total Capital Expenditure on new assets | 1 | 15 691 | 37 101 | 38 526 | 42 515 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |

1.6.1 Future operational cost of new infrastructure

This table shows that future operational costs associated with the capital programme totals R 189.278 million in 2016/17 and escalates to R 245.043 million by 2021/22.

EC136 Emalahleni (EC) - Supporting Table SA35 Future financial implications of the capital budget

| Vote Description | Ref | 2016/17 Medium Term Revenue & Expenditure Framework | | | Forecasts | | | |
|--|-----|---|------------------------|------------------------|------------------|------------------|------------------|----------------|
| | | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | Forecast 2019/20 | Forecast 2020/21 | Forecast 2021/22 | Present value |
| R thousand | | | | | | | | |
| Capital expenditure | 1 | | | | | | | |
| Vote 1 - Executive and Council | | 2 500 | — | — | — | — | — | 2 500 |
| Vote 2 - Corporate Services | | 4 200 | — | — | — | — | — | 4 200 |
| Vote 3 - Budget and Treasury | | — | — | — | — | — | — | — |
| Vote 4 - Economic Development, Tourism and Agriculture | | — | — | — | — | — | — | — |
| Vote 5 - Community and Social Services | | 8 402 | 3 858 | 34 271 | 36 293 | 38 435 | 40 702 | 8 402 |
| Vote 6 - Infrastructure Development and Housing Services | | 23 868 | 28 691 | — | — | — | — | 23 868 |
| <i>List entity summary if applicable</i> | | | | | | | | |
| Total Capital Expenditure | | 38 970 | 32 549 | 34 271 | 36 293 | 38 435 | 40 702 | 38 970 |
| Future operational costs by vote | 2 | | | | | | | |
| Vote 1 - Executive and Council | | 31 328 | 33 863 | 35 861 | 37 977 | 40 218 | 42 591 | 31 328 |
| Vote 2 - Corporate Services | | 18 197 | 19 650 | 20 809 | 22 037 | 23 337 | 24 714 | 18 197 |
| Vote 3 - Budget and Treasury | | 32 736 | 34 383 | 36 476 | 38 628 | 40 907 | 43 321 | 32 736 |
| Vote 4 - Economic Development, Tourism and Agriculture | | 5 630 | 6 989 | 7 402 | 7 838 | 8 301 | 8 790 | 5 630 |
| Vote 5 - Community and Social Services | | 26 787 | 24 541 | 25 988 | 27 522 | 29 146 | 30 865 | 26 787 |
| Vote 6 - Infrastructure Development and Housing Services | | 74 601 | 75 344 | 79 790 | 84 497 | 89 482 | 94 762 | 74 601 |
| <i>List entity summary if applicable</i> | | | | | | | | |
| Total future operational costs | | 189 278 | 194 770 | 206 326 | 218 499 | 231 391 | 245 043 | 189 278 |
| Future revenue by source | 3 | | | | | | | |
| Property rates | | 4 391 | 4 066 | 4 305 | 4 559 | 4 828 | 5 113 | 4 391 |
| Service charges - electricity revenue | | 10 176 | 10 888 | 11 531 | 12 211 | 12 931 | 13 694 | 10 176 |
| Service charges - refuse revenue | | 2 728 | 2 969 | 3 135 | 3 320 | 3 515 | 3 723 | 2 728 |
| Fee of facilities and equipment | | 797 | 1 036 | 1 097 | 1 162 | 1 231 | 1 303 | 797 |
| Interest earned - external investments | | 3 545 | 3 750 | 3 971 | 4 206 | 4 454 | 4 717 | 3 545 |
| Interest earned - outstanding debtors | | 3 466 | 2 895 | 3 066 | 3 247 | 3 438 | 3 641 | 3 466 |
| Fines | | 123 | — | — | — | — | — | 123 |
| Licences and permits | | 542 | 542 | 574 | 608 | 644 | 682 | 542 |
| Agency services | | 1 345 | 1 349 | 1 429 | 1 513 | 1 602 | 1 697 | 1 345 |
| Transfers recognised - operational | | 130 689 | 132 734 | 132 354 | 140 163 | 148 432 | 157 190 | 130 689 |
| Other revenue | | 484 | 511 | 541 | 573 | 607 | 642 | 484 |
| Total future revenue | | 25 103 | 25 604 | 27 105 | 28 704 | 30 398 | 32 191 | 25 103 |
| Net Financial Implications | | 203 146 | 201 715 | 213 492 | 226 088 | 239 427 | 253 554 | 203 146 |

1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF to be approved by the Council. *Explanatory notes accompanies the tables*)

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A1 Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Financial Performance | | | | | | | | | | |
| Property rates | 3 194 | 3 218 | 3 719 | 3 551 | 4 143 | 4 143 | 4 143 | 4 391 | 4 066 | 4 305 |
| Service charges | 14 914 | 21 381 | 11 180 | 16 015 | 11 530 | 11 530 | 11 530 | 12 903 | 13 857 | 14 665 |
| Investment revenue | 2 862 | 3 005 | 3 350 | 2 186 | 3 399 | 3 399 | 3 399 | 3 545 | 3 750 | 3 971 |
| Transfers recognised - operational | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Other own revenue | 29 217 | 36 260 | 9 360 | 6 776 | 6 916 | 6 916 | 6 916 | 6 757 | 6 333 | 6 707 |
| Total Revenue (excluding capital transfers and contributions) | 135 602 | 162 305 | 140 489 | 172 282 | 171 416 | 171 416 | 171 416 | 158 285 | 160 740 | 162 003 |
| Employee costs | 43 685 | 47 295 | 42 783 | 59 207 | 54 768 | 54 768 | 54 768 | 61 381 | 68 702 | 72 755 |
| Remuneration of councillors | 9 101 | 9 812 | 10 104 | 10 739 | 10 896 | 10 896 | 10 896 | 11 728 | 12 900 | 13 662 |
| Depreciation & asset impairment | 21 451 | 31 703 | 31 314 | 24 503 | 24 432 | 24 432 | 24 432 | 25 003 | 25 935 | 27 466 |
| Finance charges | 642 | 690 | 787 | 730 | 500 | 500 | 500 | 850 | 837 | 886 |
| Materials and bulk purchases | 11 232 | 12 851 | 14 809 | 18 040 | 18 040 | 18 040 | 18 040 | 18 650 | 19 094 | 20 221 |
| Transfers and grants | 141 | 1 808 | 1 631 | 2 800 | 3 874 | 3 874 | 3 874 | 3 672 | 3 888 | 4 181 |
| Other expenditure | 67 484 | 91 675 | 80 963 | 86 484 | 90 704 | 90 704 | 90 704 | 67 995 | 63 414 | 67 155 |
| Total Expenditure | 153 737 | 195 833 | 182 391 | 202 502 | 203 213 | 203 213 | 203 213 | 189 278 | 194 770 | 206 326 |
| Surplus/(Deficit) | (18 135) | (33 527) | (41 902) | (30 220) | (31 797) | (31 797) | (31 797) | (30 993) | (34 030) | (44 323) |
| Transfers recognised - capital | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Contributions recognised - capital & contributed | — | — | 346 | — | — | — | — | — | — | — |
| Surplus/(Deficit) after capital transfers & contributions | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |
| Share of surplus/ (deficit) of associate | — | — | — | — | — | — | — | — | — | — |
| Surplus/(Deficit) for the year | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| Transfers recognised - capital | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Public contributions & donations | — | 1 312 | — | — | — | — | — | — | — | — |
| Borrowing | — | — | — | — | — | — | — | — | — | — |
| Internally generated funds | (3 723) | 7 591 | 8 186 | 11 900 | 19 333 | 19 333 | 19 333 | 8 800 | — | — |
| Total sources of capital funds | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| Financial position | | | | | | | | | | |
| Total current assets | 66 482 | 70 496 | 55 816 | 32 608 | 44 694 | 44 694 | 44 694 | 37 173 | 47 330 | 57 260 |
| Total non current assets | 434 523 | 431 969 | 446 104 | 465 646 | 471 621 | 471 621 | 471 621 | 485 588 | 492 201 | 499 007 |
| Total current liabilities | 17 575 | 23 968 | 37 293 | 17 143 | 40 913 | 40 913 | 40 913 | 47 791 | 65 200 | 92 078 |
| Total non current liabilities | 8 318 | 8 954 | 6 241 | 9 997 | 5 816 | 5 816 | 5 816 | 6 929 | 8 266 | 8 676 |
| Community wealth/Equity | 475 112 | 469 543 | 458 385 | 471 114 | 469 586 | 469 586 | 469 586 | 467 540 | 466 059 | 456 007 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 24 657 | 35 396 | 18 153 | 29 769 | 34 600 | 34 600 | 34 600 | 15 062 | 15 355 | 9 414 |
| Net cash from (used) investing | (17 070) | (37 101) | (36 956) | (42 515) | (49 537) | (49 537) | (49 537) | (39 912) | (32 924) | (34 013) |
| Net cash from (used) financing | (536) | (416) | (414) | (5) | (260) | (260) | (260) | (263) | — | — |
| Cash/cash equivalents at the year end | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 534) | (26 103) | (50 702) |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 534) | (26 103) | (50 702) |
| Application of cash and investments | 5 320 | 12 448 | 16 569 | (677) | 9 095 | 9 095 | 9 095 | (2 032) | (9 564) | (13 973) |
| Balance - surplus (shortfall) | 47 795 | 38 545 | 15 208 | 21 833 | 7 484 | 7 484 | 7 484 | (6 503) | (16 539) | (36 729) |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 434 523 | 431 969 | 446 104 | 465 646 | 471 621 | 471 621 | 485 588 | 485 588 | 492 201 | 499 007 |
| Depreciation & asset impairment | 21 451 | 31 703 | 31 314 | 24 503 | 24 432 | 24 432 | 25 003 | 25 003 | 25 935 | 27 466 |
| Renewal of Existing Assets | — | — | — | — | — | — | — | — | — | — |
| Repairs and Maintenance | 7 278 | 8 712 | 5 083 | 12 386 | 9 973 | 9 973 | 7 613 | 7 613 | 12 302 | 13 027 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | — | — | — | 2 100 | 3 174 | 3 174 | 3 174 | 3 174 | 2 938 | 3 147 |
| Revenue cost of free services provided | 1 225 | 899 | — | 433 | 433 | 459 | 460 | 460 | 462 | 463 |
| Households below minimum service level | | | | | | | | | | |
| Water: | 21 | 21 | — | — | — | — | — | — | — | — |
| Sanitation/sewerage: | 23 | 23 | — | — | — | — | — | — | — | — |
| Energy: | — | — | — | — | — | — | — | — | — | — |
| Refuse: | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 82 112 | 91 254 | 107 654 | 126 411 | 128 987 | 128 987 | 126 950 | 134 549 | 140 429 |
| Executive and council | | 238 | 5 492 | 6 652 | 6 140 | 6 340 | 6 340 | 6 458 | 6 773 | 7 107 |
| Budget and treasury office | | 81 790 | 85 762 | 100 934 | 120 270 | 122 607 | 122 607 | 120 492 | 127 776 | 133 322 |
| Corporate services | | 84 | 0 | 68 | 1 | 40 | 40 | — | — | — |
| <i>Community and public safety</i> | | 1 078 | 1 469 | 2 060 | 1 693 | 2 147 | 2 147 | 1 751 | 1 800 | 1 059 |
| Community and social services | | 997 | 1 421 | 2 055 | 1 331 | 2 023 | 2 023 | 1 678 | 1 723 | 977 |
| Public safety | | 80 | 12 | 5 | 291 | 53 | 53 | — | — | — |
| Housing | | — | 37 | — | 70 | 70 | 70 | 74 | 77 | 82 |
| <i>Economic and environmental services</i> | | 25 000 | 35 174 | 34 997 | 36 227 | 35 196 | 35 196 | 35 165 | 36 132 | 38 055 |
| Planning and development | | 2 362 | 2 884 | 158 | 5 | 25 | 25 | 5 | 5 | 6 |
| Road transport | | 22 638 | 32 290 | 34 839 | 36 221 | 35 171 | 35 171 | 35 161 | 36 126 | 38 049 |
| <i>Trading services</i> | | 48 016 | 62 378 | 26 524 | 39 160 | 36 894 | 36 894 | 25 400 | 21 428 | 17 397 |
| Electricity | | 14 824 | 19 273 | 20 110 | 34 424 | 30 132 | 30 132 | 19 883 | 16 006 | 11 655 |
| Water | | 19 496 | 29 266 | — | — | — | — | — | — | — |
| Waste water management | | 9 353 | 9 209 | — | — | — | — | — | — | — |
| Waste management | | 4 343 | 4 630 | 6 414 | 4 736 | 6 763 | 6 763 | 5 517 | 5 422 | 5 742 |
| <i>Other</i> | 4 | 186 | 228 | — | 207 | 30 | 30 | 27 | 227 | 240 |
| Total Revenue - Standard | 2 | 156 392 | 190 504 | 171 234 | 203 697 | 203 254 | 203 254 | 189 294 | 194 136 | 197 180 |
| Expenditure - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 52 154 | 67 488 | 71 817 | 81 992 | 84 131 | 84 131 | 82 261 | 87 896 | 93 146 |
| Executive and council | | 20 610 | 24 341 | 25 999 | 34 389 | 34 146 | 34 146 | 31 328 | 33 863 | 35 861 |
| Budget and treasury office | | 18 816 | 29 464 | 26 877 | 29 221 | 31 854 | 31 854 | 32 736 | 34 383 | 36 476 |
| Corporate services | | 12 727 | 13 683 | 18 941 | 18 382 | 18 131 | 18 131 | 18 197 | 19 650 | 20 809 |
| <i>Community and public safety</i> | | 21 020 | 21 995 | 14 554 | 20 387 | 21 380 | 21 380 | 19 967 | 18 037 | 19 101 |
| Community and social services | | 7 652 | 18 583 | 12 171 | 14 557 | 16 887 | 16 887 | 16 507 | 15 500 | 16 414 |
| Sport and recreation | | 865 | 667 | 939 | 1 153 | 1 154 | 1 154 | 1 329 | 1 240 | 1 313 |
| Public safety | | 11 005 | 1 543 | 562 | 3 757 | 2 082 | 2 082 | — | — | — |
| Housing | | 1 498 | 1 201 | 883 | 920 | 1 257 | 1 257 | 2 131 | 1 297 | 1 373 |
| <i>Economic and environmental services</i> | | 34 210 | 35 739 | 41 276 | 50 161 | 47 523 | 47 523 | 44 363 | 48 277 | 51 125 |
| Planning and development | | 8 095 | 8 081 | 7 343 | 6 514 | 5 950 | 5 950 | 5 630 | 6 989 | 7 402 |
| Road transport | | 26 116 | 27 658 | 33 933 | 43 647 | 41 573 | 41 573 | 38 733 | 41 288 | 43 724 |
| <i>Trading services</i> | | 46 009 | 70 228 | 54 744 | 49 516 | 49 794 | 49 794 | 42 153 | 40 078 | 42 443 |
| Electricity | | 9 920 | 23 202 | 37 458 | 41 419 | 41 782 | 41 782 | 33 737 | 32 760 | 34 693 |
| Water | | 21 097 | 29 409 | — | — | — | — | — | — | — |
| Waste water management | | 9 341 | 11 862 | — | — | — | — | — | — | — |
| Waste management | | 5 650 | 5 755 | 17 286 | 8 097 | 8 012 | 8 012 | 8 416 | 7 318 | 7 750 |
| <i>Other</i> | 4 | 344 | 382 | — | 447 | 384 | 384 | 534 | 483 | 511 |
| Total Expenditure - Standard | 3 | 153 737 | 195 833 | 182 391 | 202 502 | 203 213 | 203 213 | 189 278 | 194 770 | 206 326 |
| Surplus/(Deficit) for the year | | 2 655 | (5 329) | (11 157) | 1 194 | 42 | 42 | 16 | (634) | (9 146) |

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4

EC136 Emalahleni (EC) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | 238 | 5 492 | 6 652 | 6 140 | 6 340 | 6 340 | 6 458 | 6 773 | 7 107 |
| Vote 2 - Corporate Services | | 84 | 0 | 68 | 1 | 40 | 40 | — | — | — |
| Vote 3 - Budget and Treasury | | 79 046 | 77 343 | 100 934 | 120 270 | 121 497 | 121 497 | 120 492 | 127 776 | 133 322 |
| Vote 4 - Economic Development, Tourism and Agriculture | | 2 362 | 2 884 | 158 | 5 | 25 | 25 | 5 | 5 | 6 |
| Vote 5 - Community and Social Services | | 8 272 | 14 698 | 8 469 | 6 274 | 75 203 | 75 203 | 7 221 | 7 372 | 6 959 |
| Vote 6 - Infrastructure Development and Housing Services | | 66 392 | 90 086 | 54 954 | 71 007 | 150 | 150 | 55 118 | 52 209 | 49 786 |
| Total Revenue by Vote | 2 | 156 394 | 190 504 | 171 234 | 203 697 | 203 254 | 203 254 | 189 294 | 194 136 | 197 180 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - Executive and Council | | 20 610 | 24 341 | 25 999 | 34 389 | 34 088 | 34 088 | 31 328 | 33 863 | 35 861 |
| Vote 2 - Corporate Services | | 12 727 | 13 683 | 18 941 | 18 382 | 17 435 | 17 435 | 18 197 | 19 650 | 20 809 |
| Vote 3 - Budget and Treasury | | 16 073 | 21 046 | 26 877 | 29 221 | 30 744 | 30 744 | 32 736 | 34 383 | 36 476 |
| Vote 4 - Economic Development, Tourism and Agriculture | | 8 095 | 8 081 | 7 343 | 6 514 | 5 950 | 5 950 | 5 630 | 6 989 | 7 402 |
| Vote 5 - Community and Social Services | | 17 255 | 33 807 | 30 395 | 24 253 | 114 836 | 114 836 | 26 787 | 24 541 | 25 988 |
| Vote 6 - Infrastructure Development and Housing Services | | 78 977 | 94 875 | 72 836 | 89 743 | 160 | 160 | 74 601 | 75 344 | 79 790 |
| Total Expenditure by Vote | 2 | 153 737 | 195 833 | 182 391 | 202 502 | 203 213 | 203 213 | 189 278 | 194 770 | 206 326 |
| Surplus/(Deficit) for the year | 2 | 2 658 | (5 329) | (11 157) | 1 194 | 42 | 42 | 16 | (634) | (9 146) |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management- responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

EC136 Emalahleni (EC) - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 3 194 | 3 218 | 3 719 | 3 551 | 4 143 | 4 143 | 4 143 | 4 391 | 4 066 | 4 305 |
| Property rates - penalties & collection charges | | | | | | | – | – | | | |
| Service charges - electricity revenue | 2 | 5 662 | 8 048 | 8 823 | 13 483 | 8 685 | 8 685 | 8 685 | 10 176 | 10 888 | 11 531 |
| Service charges - water revenue | 2 | 2 895 | 6 931 | – | – | – | – | – | – | – | – |
| Service charges - sanitation revenue | 2 | 3 610 | 3 707 | – | – | – | – | – | – | – | – |
| Service charges - refuse revenue | 2 | 2 747 | 2 695 | 2 357 | 2 533 | 2 846 | 2 846 | 2 846 | 2 728 | 2 969 | 3 135 |
| Service charges - other | | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | | 897 | 731 | 721 | 633 | 733 | 733 | 733 | 797 | 1 036 | 1 097 |
| Interest earned - external investments | | 2 862 | 3 005 | 3 350 | 2 186 | 3 399 | 3 399 | 3 399 | 3 545 | 3 750 | 3 971 |
| Interest earned - outstanding debtors | | 6 439 | 7 834 | 3 930 | 2 681 | 4 114 | 4 114 | 4 114 | 3 466 | 2 895 | 3 066 |
| Dividends received | | – | – | – | – | – | – | – | – | – | – |
| Fines | 1 | 115 | 108 | 119 | 119 | 119 | 119 | 119 | 123 | – | – |
| Licences and permits | | 353 | 383 | 462 | 1 532 | 822 | 822 | 822 | 542 | 542 | 574 |
| Agency services | | 93 | 61 | 66 | 1 345 | 74 | 74 | 74 | 1 345 | 1 349 | 1 429 |
| Transfers recognised - operational | | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Other revenue | 2 | 21 434 | 27 135 | 3 474 | 467 | 643 | 643 | 643 | 484 | 511 | 541 |
| Gains on disposal of PPE | | | | 600 | | 410 | 410 | 410 | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | | 135 602 | 162 305 | 140 489 | 172 282 | 171 416 | 171 416 | 171 416 | 158 285 | 160 740 | 162 003 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 43 685 | 47 295 | 42 783 | 59 207 | 54 768 | 54 768 | 54 768 | 61 381 | 68 702 | 72 755 |
| Remuneration of councillors | | 9 101 | 9 812 | 10 104 | 10 739 | 10 896 | 10 896 | 10 896 | 11 728 | 12 900 | 13 662 |
| Debt impairment | 3 | 9 539 | 19 245 | 13 567 | 1 300 | 2 300 | 2 300 | 2 300 | 2 526 | 1 376 | 1 457 |
| Depreciation & asset impairment | 2 | 21 451 | 31 703 | 31 314 | 24 503 | 24 432 | 24 432 | 24 432 | 25 003 | 25 935 | 27 466 |
| Finance charges | | 642 | 690 | 787 | 730 | 500 | 500 | 500 | 850 | 837 | 886 |
| Bulk purchases | 2 | 11 232 | 12 851 | 14 809 | 18 040 | 18 040 | 18 040 | 18 040 | 18 650 | 19 094 | 20 221 |
| Other materials | 8 | | | | | | – | – | – | – | – |
| Contracted services | | 2 713 | 3 994 | 5 564 | 4 327 | 3 980 | 3 980 | 3 980 | 3 956 | 4 437 | 4 699 |
| Transfers and grants | | 141 | 1 808 | 1 631 | 2 800 | 3 874 | 3 874 | 3 874 | 3 672 | 3 888 | 4 181 |
| Other expenditure | 4, 5 | 52 488 | 60 017 | 60 085 | 80 857 | 84 424 | 84 424 | 84 424 | 61 513 | 57 601 | 60 999 |
| Loss on disposal of PPE | | 2 744 | 8 419 | 1 747 | | | | | – | – | – |
| Total Expenditure | | 153 737 | 195 833 | 182 391 | 202 502 | 203 213 | 203 213 | 203 213 | 189 278 | 194 770 | 206 326 |
| Surplus/(Deficit) | | (18 135) | (33 527) | (41 902) | (30 220) | (31 797) | (31 797) | (31 797) | (30 993) | (34 030) | (44 323) |
| Transfers recognised - capital | | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Contributions recognised - capital | 6 | – | – | – | – | – | – | – | – | – | – |
| Contributed assets | | | | 346 | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |
| Taxation | | | | | | | – | – | | | |
| Surplus/(Deficit) after taxation | | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |
| Attributable to minorities | | | | | | | – | – | | | |
| Surplus/(Deficit) attributable to municipality | | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |
| Share of surplus/ (deficit) of associate | 7 | | | | | | – | – | | | |
| Surplus/(Deficit) for the year | | 2 658 | (5 329) | (11 157) | 394 | (1 182) | (1 182) | (1 182) | (823) | (1 481) | (10 052) |

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**EC136 Emalahleni (EC) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

| Vote Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive and Council | | – | – | – | – | – | – | – | 2 500 | – | – |
| Vote 2 - Corporate Services | | – | – | – | – | 1 682 | – | – | – | – | – |
| Vote 3 - Budget and Treasury | | – | – | – | – | 638 | – | – | – | – | – |
| Vote 4 - Economic Development, Tourism and Agriculture | | – | – | – | – | 10 | – | – | – | – | – |
| Vote 5 - Community and Social Services | | 6 437 | 11 753 | – | 18 922 | – | – | – | 6 402 | 3 858 | 8 700 |
| Vote 6 - Infrastructure Development and Housing Services | | 7 816 | 12 710 | – | 11 693 | – | – | – | 22 768 | 13 733 | – |
| Capital multi-year expenditure sub-total | 7 | 14 254 | 24 463 | – | 30 615 | 2 330 | – | – | 31 670 | 17 591 | 8 700 |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive and Council | | 439 | 809 | 4 381 | 2 210 | 5 977 | 5 977 | 5 977 | – | – | – |
| Vote 2 - Corporate Services | | 159 | 133 | 4 092 | 900 | 6 536 | 6 536 | 6 536 | 4 200 | – | – |
| Vote 3 - Budget and Treasury | | 672 | 1 648 | 2 371 | 260 | 200 | 200 | 200 | – | – | – |
| Vote 4 - Economic Development, Tourism and Agriculture | | 135 | 1 597 | – | 4 280 | 1 200 | 1 200 | 1 200 | – | – | – |
| Vote 5 - Community and Social Services | | 1 154 | 682 | 20 201 | 2 750 | 14 266 | 14 266 | 14 266 | 2 000 | – | 25 571 |
| Vote 6 - Infrastructure Development and Housing Services | | 258 | 7 770 | 7 541 | 1 500 | 19 440 | 19 440 | 19 440 | 1 100 | 14 958 | – |
| Capital single-year expenditure sub-total | | 2 817 | 12 638 | 38 585 | 11 900 | 47 618 | 47 618 | 47 618 | 7 300 | 14 958 | 25 571 |
| Total Capital Expenditure - Vote | | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 47 618 | 47 618 | 38 970 | 32 549 | 34 271 |
| Capital Expenditure - Standard | | | | | | | | | | | |
| Governance and administration | | 1 269 | 2 590 | 10 844 | 3 370 | 15 033 | 15 033 | 15 033 | 6 700 | – | – |
| Executive and council | | 439 | 809 | 4 381 | 2 210 | 5 977 | 5 977 | 5 977 | 2 500 | – | – |
| Budget and treasury office | | 672 | 1 648 | 2 371 | 260 | 838 | 838 | 838 | – | – | – |
| Corporate services | | 159 | 133 | 4 092 | 900 | 8 218 | 8 218 | 8 218 | 4 200 | – | – |
| Community and public safety | | 7 844 | 8 465 | 18 386 | 10 999 | 14 266 | 14 266 | 14 266 | 3 914 | 2 858 | 34 271 |
| Community and social services | | 7 591 | 2 857 | 13 423 | 7 383 | 12 268 | 12 268 | 12 268 | 3 914 | 2 858 | 34 271 |
| Sport and recreation | | – | 4 333 | 4 964 | 3 000 | 1 998 | 1 998 | 1 998 | – | – | – |
| Public safety | | 253 | 1 275 | – | 616 | – | – | – | – | – | – |
| Economic and environmental services | | 7 951 | 22 077 | 7 541 | 17 273 | 19 440 | 19 440 | 19 440 | 21 002 | 19 636 | – |
| Planning and development | | 135 | 1 597 | 262 | 4 280 | – | – | – | – | – | – |
| Road transport | | 7 816 | 20 480 | 7 279 | 12 993 | 19 440 | 19 440 | 19 440 | 21 002 | 19 636 | – |
| Trading services | | 5 | 3 970 | 1 814 | 10 874 | 1 210 | 1 210 | 1 210 | 7 354 | 10 055 | – |
| Electricity | | – | – | – | – | – | – | – | 2 865 | 9 055 | – |
| Water | | 5 | – | – | – | – | – | – | – | – | – |
| Waste water management | | – | – | – | – | 10 | 10 | 10 | – | – | – |
| Waste management | | – | 3 970 | 1 814 | 10 874 | 1 200 | 1 200 | 1 200 | 4 488 | 1 000 | – |
| Other | | – | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure - Standard | 3 | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| Funded by: | | | | | | | | | | | |
| National Government | | 20 793 | 28 198 | 30 142 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Provincial Government | | – | – | 257 | – | – | – | – | – | – | – |
| Transfers recognised - capital | 4 | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Public contributions & donations | 5 | – | 1 312 | – | – | – | – | – | – | – | – |
| Internally generated funds | | (3 723) | 7 591 | 8 186 | 11 900 | 19 333 | 19 333 | 19 333 | 8 800 | – | – |
| Total Capital Funding | 7 | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses and is listed above.

Table A6 -Budgeted Financial Position**EC136 Emalahleni (EC) - Table A6 Budgeted Financial Position**

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | 53 120 | 9 379 | 3 213 | 577 | | – | – | – | – | – |
| Call investment deposits | 1 | – | 41 614 | 28 563 | 20 579 | 16 578 | 16 578 | 16 578 | – | – | – |
| Consumer debtors | 1 | 10 360 | 16 264 | 21 885 | 5 437 | 25 831 | 25 831 | 25 831 | 34 738 | 44 743 | 54 522 |
| Other debtors | | 2 603 | 2 620 | 2 155 | 5 365 | 2 285 | 2 285 | 2 285 | 2 435 | 2 586 | 2 739 |
| Current portion of long-term receivables | | – | – | – | – | – | – | – | – | – | – |
| Inventory | 2 | 400 | 619 | 650 | 650 | – | – | – | – | – | – |
| Total current assets | | 66 482 | 70 496 | 55 816 | 32 608 | 44 694 | 44 694 | 44 694 | 37 173 | 47 330 | 57 260 |
| Non current assets | | | | | | | | | | | |
| Long term receivables | | – | – | – | – | – | – | – | – | – | – |
| Investments | | – | – | – | – | – | – | – | – | – | – |
| Investment property | | 14 201 | 8 394 | 6 433 | 8 394 | 6 434 | 6 434 | 6 434 | 6 434 | 6 434 | 6 434 |
| Investment in Associate | | – | – | – | – | – | – | – | – | – | – |
| Property, plant and equipment | 3 | 420 067 | 423 192 | 439 281 | 457 164 | 464 901 | 464 901 | 464 901 | 478 868 | 485 481 | 492 287 |
| Agricultural | | – | – | – | – | – | – | – | – | – | – |
| Biological | | – | – | – | – | – | – | – | – | – | – |
| Intangible | | 255 | 259 | 207 | 88 | 104 | 104 | 104 | 104 | 104 | 104 |
| Other non-current assets | | – | 124 | 183 | – | 183 | 183 | 183 | 183 | 183 | 183 |
| Total non current assets | | 434 523 | 431 969 | 446 104 | 465 646 | 471 621 | 471 621 | 471 621 | 485 588 | 492 201 | 499 007 |
| TOTAL ASSETS | | 501 005 | 502 465 | 501 920 | 498 254 | 516 315 | 516 315 | 516 315 | 522 761 | 539 531 | 556 267 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | 5 | – | – | – | – | – | – | 8 534 | 26 103 | 50 702 |
| Borrowing | 4 | – | 311 | 263 | – | 250 | 250 | 250 | 210 | – | – |
| Consumer deposits | | 110 | – | – | – | – | – | – | – | – | – |
| Trade and other payables | 4 | 9 567 | 16 879 | 18 418 | 9 875 | 20 099 | 20 099 | 20 099 | 17 125 | 15 816 | 16 722 |
| Provisions | | 7 894 | 6 778 | 18 612 | 7 268 | 20 564 | 20 564 | 20 564 | 21 922 | 23 281 | 24 654 |
| Total current liabilities | | 17 575 | 23 968 | 37 293 | 17 143 | 40 913 | 40 913 | 40 913 | 47 791 | 65 200 | 92 078 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | 852 | 235 | 547 | 551 | 300 | 300 | 300 | 283 | 73 | – |
| Provisions | | 7 466 | 8 719 | 5 694 | 9 446 | 5 516 | 5 516 | 5 516 | 6 645 | 8 193 | 8 676 |
| Total non current liabilities | | 8 318 | 8 954 | 6 241 | 9 997 | 5 816 | 5 816 | 5 816 | 6 929 | 8 266 | 8 676 |
| TOTAL LIABILITIES | | 25 893 | 32 922 | 43 534 | 27 140 | 46 729 | 46 729 | 46 729 | 54 720 | 73 466 | 100 754 |
| NET ASSETS | 5 | 475 112 | 469 543 | 458 385 | 471 114 | 469 586 | 469 586 | 469 586 | 468 041 | 466 065 | 455 513 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 475 112 | 469 543 | 458 385 | 471 114 | 469 586 | 469 586 | 469 586 | 467 540 | 466 059 | 456 007 |
| Reserves | 4 | – | – | – | – | – | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 475 112 | 469 543 | 458 385 | 471 114 | 469 586 | 469 586 | 469 586 | 467 540 | 466 059 | 456 007 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement**EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows**

| Description | | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term | | |
|---|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---------------------|------------------------|------------------------|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Property rates, penalties & collection charges | | | 3 194 | 3 218 | 3 719 | 2 851 | 1 446 | 1 446 | 1 446 | 2 591 | 2 399 | 2 540 |
| Service charges | | | 14 914 | 11 063 | (4 130) | 18 787 | 4 843 | 4 843 | 4 843 | 7 310 | 8 206 | 8 681 |
| Other revenue | | | 5 339 | | | 4 095 | 2 392 | 2 392 | 2 392 | 2 494 | 2 402 | 2 544 |
| Government - operating | | 1 | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Government - capital | | 1 | 23 095 | 22 739 | 28 981 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Interest | | | 9 301 | 6 500 | 7 280 | 4 867 | 7 513 | 7 513 | 7 513 | 5 590 | 5 458 | 5 780 |
| Payments | | | | | | | | | | | | |
| Suppliers and employees | | | (116 356) | (106 429) | (130 520) | (146 080) | (157 136) | (157 136) | (157 136) | (159 260) | (163 668) | (171 688) |
| Finance charges | | | (244) | (137) | (58) | (730) | (500) | (500) | (500) | (850) | (837) | (886) |
| Transfers and Grants | | 1 | — | | | (28 390) | — | — | — | (3 672) | (3 888) | (4 181) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | | 24 657 | 35 396 | 18 153 | 29 769 | 34 600 | 34 600 | 34 600 | 15 062 | 15 355 | 9 414 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | — | | | 410 | 410 | 410 | — | — | — |
| Decrease (Increase) in non-current debtors | | | | — | | | | — | — | — | — | — |
| Decrease (increase) other non-current receivables | | | | | | | | — | — | — | — | — |
| Decrease (increase) in non-current investments | | | | | | | | — | — | — | — | — |
| Payments | | | | | | | | | | | | |
| Capital assets | | | (17 070) | (37 101) | (36 956) | (42 515) | (49 948) | (49 948) | (49 948) | (39 912) | (32 924) | (34 013) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | | (17 070) | (37 101) | (36 956) | (42 515) | (49 537) | (49 537) | (49 537) | (39 912) | (32 924) | (34 013) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Short term loans | | | | | | | | — | — | — | — | — |
| Borrowing long term/refinancing | | | | | | | | — | — | — | — | — |
| Increase (decrease) in consumer deposits | | | 9 | (110) | | | | — | — | — | — | — |
| Payments | | | | | | | | | | | | |
| Repayment of borrowing | | | (545) | (306) | (414) | (5) | (260) | (260) | (260) | (263) | — | — |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | | (536) | (416) | (414) | (5) | (260) | (260) | (260) | (263) | — | — |
| NET INCREASE/ (DECREASE) IN CASH HELD | | | 7 051 | (2 122) | (19 217) | (12 752) | (15 198) | (15 198) | (15 198) | (25 113) | (17 569) | (24 599) |
| Cash equivalents at the year begin: | | 2 | 46 064 | 53 115 | 50 993 | 33 908 | 31 776 | 31 776 | 31 776 | 16 578 | (8 534) | (26 103) |
| Cash/cash equivalents at the year end: | | 2 | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 534) | (26 103) | (50 702) |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget..
3. The 2016/17 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents are in a deficit position of R 8.534 at end 2016/17 financial year and decrease to R 50.702 million by 2018/19.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 534) | (26 103) | (50 702) |
| Other current investments > 90 days | | 0 | 0 | 0 | — | 0 | 0 | 0 | — | — | — |
| Non current assets - Investments | 1 | — | — | — | — | — | — | — | — | — | — |
| Cash and investments available: | | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 534) | (26 103) | (50 702) |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 7 225 | 1 801 | 349 | — | — | — | — | — | — | — |
| Unspent borrowing | | — | — | — | — | — | — | — | — | — | — |
| Statutory requirements | 2 | | | | | | | | | | |
| Other working capital requirements | 3 | (1 906) | 10 646 | 16 220 | (677) | 9 095 | 9 095 | 9 095 | (2 032) | (9 564) | (13 973) |
| Other provisions | | | | | | | | | | | |
| Long term investments committed | 4 | — | — | — | — | — | — | — | — | — | — |
| Reserves to be backed by cash/investments | 5 | | | | | | | | | | |
| Total Application of cash and investments: | | 5 320 | 12 448 | 16 569 | (677) | 9 095 | 9 095 | 9 095 | (2 032) | (9 564) | (13 973) |
| Surplus(shortfall) | | 47 795 | 38 545 | 15 208 | 21 833 | 7 484 | 7 484 | 7 484 | (6 503) | (16 539) | (36 729) |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is not cash backed and thus not in compliance with the requirements of the MFMA.

Table A9 - Asset Management

| EC136 Emalahleni (EC) - Table A9 Asset Management | | | | | | | | | | |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| Total New Assets | 1 | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| Infrastructure - Road transport | | 7 749 | 14 541 | 6 520 | 12 893 | 19 440 | 19 440 | 21 002 | 19 636 | — |
| Infrastructure - Electricity | | — | — | — | — | — | — | 2 865 | 9 055 | — |
| Infrastructure | | 7 749 | 15 733 | 6 520 | 12 893 | 19 440 | 19 440 | 23 868 | 28 691 | — |
| Community | | 5 864 | 6 924 | 17 654 | 9 383 | 7 981 | 7 981 | 2 173 | 1 100 | 13 501 |
| Investment properties | | — | — | 1 | — | — | — | — | — | — |
| Other assets | 6 | 3 331 | 14 444 | 14 281 | 20 240 | 22 528 | 22 528 | 12 930 | 2 758 | 20 771 |
| Intangibles | | 126 | — | 70 | — | — | — | — | — | — |
| Total Renewal of Existing Assets | 2 | — | — | — | — | — | — | — | — | — |
| Infrastructure - Road transport | | — | — | — | — | — | — | — | — | — |
| Infrastructure - Electricity | | — | — | — | — | — | — | — | — | — |
| Infrastructure - Other | | — | — | — | — | — | — | — | — | — |
| Infrastructure | | — | — | — | — | — | — | — | — | — |
| Community | | — | — | — | — | — | — | — | — | — |
| Heritage assets | | — | — | — | — | — | — | — | — | — |
| Investment properties | | — | — | — | — | — | — | — | — | — |
| Other assets | 6 | — | — | — | — | — | — | — | — | — |
| Intangibles | | — | — | — | — | — | — | — | — | — |
| Total Capital Expenditure | 4 | — | — | — | — | — | — | — | — | — |
| Infrastructure - Road transport | | 7 749 | 14 541 | 6 520 | 12 893 | 19 440 | 19 440 | 21 002 | 19 636 | — |
| Infrastructure - Electricity | | — | — | — | — | — | — | 2 865 | 9 055 | — |
| Infrastructure | | 7 749 | 15 733 | 6 520 | 12 893 | 19 440 | 19 440 | 23 868 | 28 691 | — |
| Community | | 5 864 | 6 924 | 17 654 | 9 383 | 7 981 | 7 981 | 2 173 | 1 100 | 13 501 |
| Other assets | | 3 331 | 14 444 | 14 281 | 20 240 | 22 528 | 22 528 | 12 930 | 2 758 | 20 771 |
| Intangibles | | 126 | — | 70 | — | — | — | — | — | — |
| TOTAL CAPITAL EXPENDITURE - Asset class | 2 | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | | | | | | | | | |
| Infrastructure - Road transport | | 239 979 | 237 801 | 226 825 | 228 983 | 224 555 | 224 555 | 223 130 | 219 786 | 195 450 |
| Infrastructure - Electricity | | 19 083 | 18 576 | 18 064 | 17 959 | 17 447 | 17 447 | 19 666 | 28 067 | 27 375 |
| Infrastructure - Other | | — | 3 970 | 3 970 | 3 670 | 3 670 | 3 670 | 3 667 | 3 346 | 3 006 |
| Infrastructure | | 259 061 | 260 347 | 248 859 | 250 612 | 245 672 | 245 672 | 246 462 | 251 199 | 225 831 |
| Community | | 79 820 | 87 518 | 171 846 | 95 631 | 110 365 | 110 365 | 111 692 | 111 938 | 124 535 |
| Heritage assets | | — | 124 | 183 | 124 | 183 | 183 | 183 | 183 | 183 |
| Investment properties | | 14 201 | 8 394 | 6 433 | 8 394 | 6 434 | 6 434 | 6 434 | 6 434 | 6 434 |
| Other assets | | 81 186 | 75 327 | 18 576 | 110 797 | 108 864 | 108 864 | 120 713 | 122 344 | 141 921 |
| Intangibles | | 255 | 259 | 207 | 78 | 104 | 104 | 104 | 104 | 104 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 434 523 | 431 969 | 446 104 | 465 646 | 471 621 | 471 621 | 485 588 | 492 201 | 499 007 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| Depreciation & asset impairment | | 21 451 | 31 703 | 31 314 | 24 503 | 24 432 | 24 432 | 25 003 | 25 935 | 27 466 |
| Repairs and Maintenance by Asset Class | 3 | 7 278 | 8 712 | 5 083 | 12 386 | 9 973 | 9 973 | 7 613 | 12 302 | 13 027 |
| Infrastructure - Road transport | | 1 106 | 1 190 | 1 569 | 4 118 | 3 448 | 3 448 | 2 200 | 4 359 | 4 616 |
| Infrastructure - Electricity | | 647 | 1 056 | 338 | 4 009 | 2 379 | 2 379 | 1 400 | 4 244 | 4 494 |
| Infrastructure - Water | | 2 386 | 2 702 | — | — | — | — | — | — | — |
| Infrastructure - Sanitation | | 1 086 | 32 | — | — | — | — | — | — | — |
| Infrastructure - Other | | — | — | — | — | — | — | — | — | — |
| Infrastructure | | 5 226 | 4 980 | 1 907 | 8 128 | 5 828 | 5 828 | 3 600 | 8 603 | 9 110 |
| Community | | 86 | 110 | 715 | 100 | 175 | 175 | 750 | 185 | 196 |
| Other assets | 6, 7 | 1 966 | 3 622 | 2 461 | 4 159 | 3 971 | 3 971 | 3 263 | 3 514 | 3 721 |
| TOTAL EXPENDITURE OTHER ITEMS | | 28 729 | 40 415 | 36 398 | 36 889 | 34 405 | 34 405 | 32 616 | 38 237 | 40 493 |

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

Table A10–Basic Service Delivery Measurement

EC136 Emalahleni (EC) - Table A10 Basic service delivery measurement

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term | | |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---------------------|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Household service targets | 1 | | | | | | | | | |
| Water: | | | | | | | | | | |
| Piped water inside dwelling | | 10 772 | 10 772 | – | – | – | – | – | – | – |
| Piped water inside yard (but not in dwelling) | | 8 870 | 8 870 | – | – | – | – | – | – | – |
| Using public tap (at least min.service level) | 2 | 22 810 | 22 810 | – | – | – | – | – | – | – |
| Other water supply (at least min.service level) | 4 | – | – | – | – | – | – | – | – | – |
| <i>Minimum Service Level and Above sub-total</i> | | 42 452 | 42 452 | – | – | – | – | – | – | – |
| Using public tap (< min.service level) | 3 | 9 504 | 9 504 | – | – | – | – | – | – | – |
| Other water supply (< min.service level) | 4 | – | – | – | – | – | – | – | – | – |
| No water supply | | 11 406 | 11 406 | – | – | – | – | – | – | – |
| <i>Below Minimum Service Level sub-total</i> | | 20 910 | 20 910 | – | – | – | – | – | – | – |
| Total number of households | 5 | 63 362 | 63 362 | – | – | – | – | – | – | – |
| Sanitation/sewerage: | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | 7 476 | 7 476 | – | – | – | – | – | – | – |
| Flush toilet (with septic tank) | | 888 | 888 | – | – | – | – | – | – | – |
| Chemical toilet | | 4 942 | 4 942 | – | – | – | – | – | – | – |
| Pit toilet (ventilated) | | 11 976 | 11 976 | – | – | – | – | – | – | – |
| Other toilet provisions (> min.service level) | | 15 460 | 15 460 | – | – | – | – | – | – | – |
| <i>Minimum Service Level and Above sub-total</i> | | 40 742 | 40 742 | – | – | – | – | – | – | – |
| Bucket toilet | | 570 | 570 | – | – | – | – | – | – | – |
| Other toilet provisions (< min.service level) | | 2 028 | 2 028 | – | – | – | – | – | – | – |
| No toilet provisions | | 20 022 | 20 022 | – | – | – | – | – | – | – |
| <i>Below Minimum Service Level sub-total</i> | | 22 620 | 22 620 | – | – | – | – | – | – | – |
| Total number of households | 5 | 63 362 | 63 362 | – | – | – | – | – | – | – |
| Energy: | | | | | | | | | | |
| Electricity (at least min.service level) | | – | – | – | – | – | – | – | – | – |
| Electricity - prepaid (min.service level) | | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 |
| <i>Minimum Service Level and Above sub-total</i> | | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 |
| Electricity (< min.service level) | | – | – | – | – | – | – | – | – | – |
| Electricity - prepaid (< min. service level) | | – | – | – | – | – | – | – | – | – |
| Other energy sources | | – | – | – | – | – | – | – | – | – |
| <i>Below Minimum Service Level sub-total</i> | | – | – | – | – | – | – | – | – | – |
| Total number of households | 5 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 | 3 253 |
| Refuse: | | | | | | | | | | |
| Removed at least once a week | | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 |
| <i>Minimum Service Level and Above sub-total</i> | | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 | 2 630 |
| Removed less frequently than once a week | | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 |
| Using communal refuse dump | | 539 | 539 | 539 | 539 | 539 | 539 | 539 | 539 | 539 |
| Using own refuse dump | | 20 181 | 20 181 | 20 181 | 20 181 | 20 181 | 20 181 | 20 181 | 20 181 | 20 181 |
| Other rubbish disposal | | 6 875 | 6 875 | 6 875 | 6 875 | 6 875 | 6 875 | 6 875 | 6 875 | 6 875 |
| No rubbish disposal | | 1 299 | 1 299 | 1 299 | 1 299 | 1 299 | 1 299 | 1 299 | 1 299 | 1 299 |
| <i>Below Minimum Service Level sub-total</i> | | 29 052 | 29 052 | 29 052 | 29 052 | 29 052 | 29 052 | 29 052 | 29 052 | 29 052 |
| Total number of households | 5 | 31 682 | 31 682 | 31 682 | 31 682 | 31 682 | 31 682 | 31 682 | 31 682 | 31 682 |
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | – | – | – | – | – | – | – | – | – |
| Sanitation (free minimum level service) | | – | – | – | – | – | – | – | – | – |
| Electricity/other energy (50kwh per household per month) | | – | – | – | – | – | – | – | – | – |
| Refuse (removed at least once a week) | | – | – | – | – | – | – | – | – | – |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | | – | – | – | – | – | – | – | – | – |
| Sanitation (free sanitation service to indigent households) | | – | – | – | – | – | – | – | – | – |
| Electricity/other energy (50kwh per indigent household per month) | | – | – | – | 1 300 | 1 950 | 1 950 | 1 950 | 2 100 | 2 300 |
| Refuse (removed once a week for indigent households) | | – | – | – | 800 | 1 224 | 1 224 | 1 224 | 838 | 847 |
| Cost of Free Basic Services provided - Informal Formal Settlements (R'000) | | – | – | – | – | – | – | – | – | – |
| Total cost of FBS provided | | – | – | – | 2 100 | 3 174 | 3 174 | 3 174 | 2 938 | 3 147 |
| Highest level of free service provided per household | | | | | | | | | | |
| Property rates (R value threshold) | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Water (kilolitres per household per month) | | – | – | – | – | – | – | – | – | – |
| Sanitation (kilolitres per household per month) | | – | – | – | – | – | – | – | – | – |
| Electricity (kwh per household per month) | | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | | – | – | – | – | – | – | – | – | – |
| Revenue cost of subsidised services provided (R'000) | 9 | | | | | | | | | |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA) | | – | – | – | – | – | 26 | 28 | 29 | 31 |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA | | – | – | – | 433 | 433 | 433 | 433 | 433 | 433 |
| Water (in excess of 6 kilolitres per indigent household per month) | | 1 | 148 | – | – | – | – | – | – | – |
| Sanitation (in excess of free sanitation service to indigent households) | | 321 | 402 | – | – | – | – | – | – | – |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | | 762 | 30 | – | – | – | – | – | – | – |
| Refuse (in excess of one removal a week for indigent households) | | 141 | 319 | – | – | – | – | – | – | – |
| Municipal Housing - rental rebates | | – | – | – | – | – | – | – | – | – |
| Housing - top structure subsidies | | – | – | – | – | – | – | – | – | – |
| Other | | – | – | – | – | – | – | – | – | – |
| Total revenue cost of subsidised services provided | 6 | 1 225 | 899 | – | 433 | 433 | 459 | 460 | 462 | 463 |

Part 2 – Supporting Documentation

1.8 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule by 31 August 2015.

2015/2016 IDP AND BUDGET SCHEDULE OF KEY DEADLINES

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

| Activity | Date | Custodian |
|---|------------------------------|--|
| June 2015 | | |
| Preparation of the draft SDBIP 2015/2016 and presentation to the Mayor for signature | 12 th June 2015 | Municipal Manager |
| Review the of the 2015/16 and compilation of the IDP/PMS Review Process Plans 2016/2017 | 22 June 2015 | Municipal Manager |
| IDP/PMS and Budget Technical Steering Committee: Presentation and Alignment of the IDP, PMS and Budget review Process Plans with other municipal plans | 22 June 2015 | Municipal Manager |
| IDP/PMS and Budget Steering Committee/ Executive Committee - Presentation of the draft IDP/PMS and Budget Review Process Plan 2016 / 2017 | 25 June 2015 | Mayor |
| Approval and Publication of the SDBIP 2015/2016 | 30 th June 2015 | Mayor Municipal Manager |
| Presentation of the draft IDP and PMS Review Process Plan 2016 / 2017 to Council for approval | 30 June 2015 | Mayor |
| July 2015 | | |
| | | |
| Preparation and finalization of the Annual Performance Report (Section 46) for the 2014/2015 financial year | 03 rd July 2015 | All Directors Municipal Manager |
| Advertisement and/or publication of the IDP/PMS Review and Budget Process Plan 2015 / 2016 | July 2015 | Municipal Manager |
| Submission of IDP/ PMS Review and Budget Process Plan to the district municipality and other spheres of government | July 2015 | Municipal Manager |
| Inter-Governmental Relations meeting - Formal presentation of the approved IDP, Budget and SDBIP 2015/2016 to stakeholders | 16 July 2015 | Municipal Manager |
| Submission of Performance Information for purposes of the Annual Report | 17 th July 2015 | All Directors Municipal Manager |
| Preparation and Submission of signed performance agreements for Section 57 Managers to relevant stakeholders | 31 July 2015 | Municipal Manager |
| August 2015 | | |
| Preparation of the draft annual report 2013 / 2014 | 02 – 21 August 2015 | Municipal Manager |
| IDP Rep Forum: Presentation of SDBIP and Process Plan | 18 August 2015 | Mayor |
| Submission of the draft annual report 2014/2015 with annual financial statements to the Audit / Performance Audit Committee for review | 20 th August 2015 | Chief Financial Officer Municipal Manager |
| Tabling of the unaudited Annual Report in Council for noting | 31 August 2015 | Mayor |
| Submit draft previous financial year Annual Report and evidence to internal and the Auditor General including annual financial statements and financial and non-financial information | 31 August 2015 | Municipal Manager Chief Financial Officer |
| Municipality submits annual report including final annual financial statements and annual performance report to Auditor General for Auditing purposes – due 31 August. Council to submit unaudited tabled annual report to MPAC for vetting and verification of Council's directive on service delivery and the | 27 August 2015 | Municipal Manager Chief Financial Officer and All Directors |

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

| Activity | Date | Custodian |
|---|--------------------------------|--|
| committee to evaluate senior managers performance against agreement entered into | | |
| September 2015 | | |
| IDP/BUDGET Steering Committee - | 03 September 2015 | Mayor |
| IDP/PMS and Budget Technical Committee – Presentation of the Situational Analysis under review (Situational analysis review phase commence) | 10 September 2015 | Municipal Manager |
| Auditor General audits the unaudited annual report and submit an audit report to the accounting officer of the municipality | October/November 2015 | Municipal Manager |
| October 2015 | | |
| Submission of Performance reports and performance information of the first quarter | 02 October 2015 | All Directors |
| IDP/PMS and Budget Technical Steering Committee: presentation of the first quarterly performance analysis report | 15 October 2015 | Municipal Manager |
| Submission of the Performance Report of the institution to the Office of the Mayor | 16 October 2015 | Municipal Manager |
| Special Council Meeting: Annual Report and oversight report process for adoption to be used as input into public participating meetings for IDP Review process | 28 October 2015 | Mayor MPAC Chairperson |
| IDP Rep Forum Presentation quarter performance and Situational Analysis under review (Situational analysis review phase commence) | 29 October 2015 | Mayor |
| November 2015 | | |
| | | |
| IDP/PMS and Budget Technical Steering Committee – presentation and discussion of the situational analysis. Launch of the second phase of the IDP (Review of the objectives and strategies commences); Preparation of the Audit Action Plan 2016/2017 | 04 November 2015 | Municipal Manager Chief Financial Officer |
| Annual Report and oversight report process for adoption to be used as input into public participating meetings for IDP Review process | 09 - 13 November 2015 | Mayor |
| Oversight Committee finalises assessment on the annual report | 10 th November 2015 | Municipal Manager |
| Tabling of the audited annual report and financial statements to Council | 20 th November 2015 | Mayor |
| Annual Report is made available for inspection by the public | 25 th November 2015 | Mayor |
| IDP/PMS and Budget Representative Forum – Presentation of the audited annual report 2014/2015, draft reviewed situation analysis, objectives, strategies and indicators (IDP 2016/2017). Presentation of the 1 st quarterly performance (July to September 2015) | 26 November 2015 | Mayor |

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

| Activity | Date | Custodian |
|---|--------------------------------|---------------------------------------|
| December 2015 | | |
| Logistical arrangements on the review of the mid-year performance reports, assessment of performance and review of the service delivery and budget implementation plans | 01 – 04 December 2015 | Municipal Manager |
| Budget Steering Committee | 02 December 2015 | Mayor |
| Council adopts Oversight report | 15 th December 2015 | Municipal Council |
| Oversight Report is available for inspection by the public | 15 th December 2015 | Municipal Manager |
| Oversight report is submitted to Auditor-General, Provincial Treasury and Department of Cooperative Government-EC | 15 th December 2015 | Mayor Municipal Manager |
| January 2016 | | |
| Submission of Performance reports and performance information – mid-year performance | 08 January 2016 | All Directors |
| IDP/PMS and Budget Technical Steering committee to present and discuss draft objectives and strategies. Launch of the third phase of the IDP (Discussions on the projects commences) | 14 January 2016 | Municipal Manager All Directorates |
| Strategic planning session to present updated situation analysis, refined objectives and strategies and draft projects. Presentation of the mid-year performance report; Review SDBIP 2015/2016, prepare draft SDBIP 2016 / 2017; | 20 - 22 January 2016 | Municipal Manager All Directors |
| Submission of the Mid-Year performance report 2015/2016 to the Mayor | 25 January 2016 | Municipal Manager |
| Presentation of reviewed SDBIP 2015/2016 to the Mayor for approval | 29 January 2016 | Municipal Manager |
| SPECIAL COUNCIL MEETING: Table in a council meeting, mid-year assessment report 2015 / 2016 | 29 January 2016 | Municipal Manager, Mayor |
| February 2016 | | |
| Submission of mid-year performance reports to the Sector Departments (National / Provincial Treasury and the EC-CoGTA | 05 February 2016 | Municipal Manager |
| IDP Rep Forum – Presentation of the mid-year performance report, draft reviewed IDP objectives, strategies and indicators, Mid-Year Performance, Audit Outcome, allocations to be considered if necessary. | 03 February 2016 | Mayor |
| IDP/PMS and Budget Technical steering committee to discuss and finalize draft projects and submission of reviewed sector plans; draft adjustment budget | 24 February 2016 | Municipal Manager |
| SPECIAL COUNCIL MEETING: Table in a special council meeting the adjustments budget for mid-year | 29 February 2016 | Municipal Manager, Mayor |
| March 2016 | | |
| Presentation of draft Reviewed IDP 2016 / 2017 to IDP/PMS and Budget Technical committee and alignment of budget | 15 March 2016 | Municipal Manager |
| Budget Steering Committee meeting for presentation of Draft | 15 March 2016 | Mayor |

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

| Activity | Date | Custodian |
|---|-----------------------------|-------------------|
| IDP and Draft Budget | | |
| Submission of draft directorate SDBIPs 2016 / 2017 for consolidation | 17 March 2016 | All Directors |
| IDP/PMS and Budget Steering Committee: Presentation of draft 1 st Draft IDP 2016/2017 (4 th Review); review progress | 23 rd March 2016 | Mayor |
| Inter-Governmental Relations – Consultation on the 1 st draft Reviewed IDP 2016 / 2017 | 24 March 2016 | Municipal Manager |
| Special Council Meeting – Presentation of the 1st draft IDP 2016 / 2017 (4th Review) | 31 March 2016 | Mayor |
| April 2016 | | |
| IDP advertised for public comments, public meetings and consultation schedule | 01 April 2016 | Municipal Manager |
| Submission of adopted Draft IDP and budget to the Office of the Premiers, Provincial and National Treasury, District Municipality and the MEC for EC-CoGTA | 07 April 2016 | Municipal Manager |
| Submission of Performance reports and performance information of the third quarter | 07 April 2016 | All Directors |
| IDP, Budget and PMS Road shows | 04 – 22 April 2016 | Mayor |
| IDP Representative Forum– presentation on the final draft Reviewed IDP and Budget 2016 / 2017; and tariffs | 22 April 2016 | Mayor |
| May 2016 | | |
| IDP/PMS and Budget Technical Steering Committee to consider public comments and those from sector departments; presentation of performance reports for the 3 rd quarter | 05 th May 2016 | Municipal Manager |
| IGR Final Submission of inputs from Sector Departments | 10 May 2016 | Municipal Manager |
| IDP/PMS and Budget Steering Committee: Presentation of Final Draft IDP | 12 May 2016 | Mayor |
| IDP and Budget Workshop for Councillors and Traditional leaders on the final draft Reviewed IDP 2016 / 2017 | 26 May 2016 | Municipal Manager |
| State of the Municipal Address: Reviewed IDP 2015/2016 & Budgets approved by Council | 26 May 2016 | Mayor |
| June 2016 | | |
| Submission of the approved Reviewed IDP and Budget 2016 / 2017 to the National, Provincial Treasury department, MEC for EC-CoGTA and the district municipality | 10 June 2016 | Municipal Manager |
| Budget Steering Committee presentation of the SDBIP for 2016/2017 Financial Year and Process Plan | 15 June 2016 | Mayor |
| IDP/ PMS and Budget Technical Steering Committee to finalize the service delivery and budget implementation plans for 2016 / 2017 | 22 June 2016 | Mayor |
| Strategic planning session for the assessment of annual performance and development of the 5 year performance report of the institution and; development processes of the new 5 year strategic plan 2017 – 2022 | 27 - 29 June 2016 | Municipal Manager |
| Special Council Meeting | 30 June 2016 | Mayor |

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the fifth review of the IDP as adopted by Council in March 2011 and again by the new Council in May 2012. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 80 has been taken into consideration in the planning and prioritisation process.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

| 2015/16 Financial Year | 2016/17 MTREF |
|---|---|
| 1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery) | 1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery) |
| 2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED) | 2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED) |
| 3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) | 3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) |
| 4. To have a transparent and performance driven organisation (KPA Good governance and public participation) | 4. To have a transparent and performance driven organisation (KPA Good governance and public participation) |
| 5. To implement good financial management (KA Financial management and viability) | 5. To implement good financial management (KA Financial management and viability) |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to

resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fifth revised IDP.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC136 Emalahleni (EC) - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

| Strategic Objective | Goal | Goal Code | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | | |
| Good Governance & Municipal transformation | To have an effective and efficient administration (KPA Municipal transformation and inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation) | | | 322 | 5 492 | 6 721 | 6 141 | 6 380 | 6 380 | 6 458 | 6 773 | 7 107 |
| Financial Viability | To implement good financial management (KA Financial management and viability) | | | 81 790 | 85 762 | 100 934 | 120 270 | 122 607 | 122 607 | 120 492 | 127 776 | 133 322 |
| Local Economic Development | To ensure that conditions are created which stimulate the growth of the local economy (KPA LED) | | | 3 548 | 4 533 | 2 213 | 1 543 | 2 078 | 2 078 | 1 710 | 1 955 | 1 223 |
| Service Delivery | To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery) | | | 70 735 | 94 716 | 61 368 | 75 743 | 72 189 | 72 189 | 60 634 | 57 631 | 55 528 |
| Allocations to other priorities | | | 2 | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | 1 | 156 394 | 190 504 | 171 234 | 203 697 | 203 254 | 203 254 | 189 294 | 194 136 | 197 180 |

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC136 Emalahleni (EC) - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

| Strategic Objective | Goal | Goal Code | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | | |
|--|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|---------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | |
| R thousand | | | | | | | | | | | | | |
| Good Governance & Municipal transformation | To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation) | | | 33 337 | 38 024 | 44 939 | 52 771 | 52 278 | 52 278 | 49 525 | 53 513 | 56 670 | |
| Financial Viability | To implement good financial management (KA Financial management and viability) | | | 18 816 | 29 464 | 26 877 | 29 221 | 31 854 | 31 854 | 32 736 | 34 383 | 36 476 | |
| Local Economic Development | To ensure that conditions are created w hich stimulate the grow th of the local economy (KPA LED) | | | 16 612 | 27 331 | 20 453 | 22 670 | 24 374 | 24 374 | 24 000 | 24 212 | 25 640 | |
| Service Delivery | To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery) | | | 84 971 | 101 013 | 90 122 | 97 840 | 94 707 | 94 707 | 83 017 | 82 662 | 87 539 | |
| Allocations to other priorities | | | | | | | | | | | | | |
| Total Expenditure | | | | 1 | 153 737 | 195 833 | 182 391 | 202 502 | 203 213 | 203 213 | 189 278 | 194 770 | 206 326 |

MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

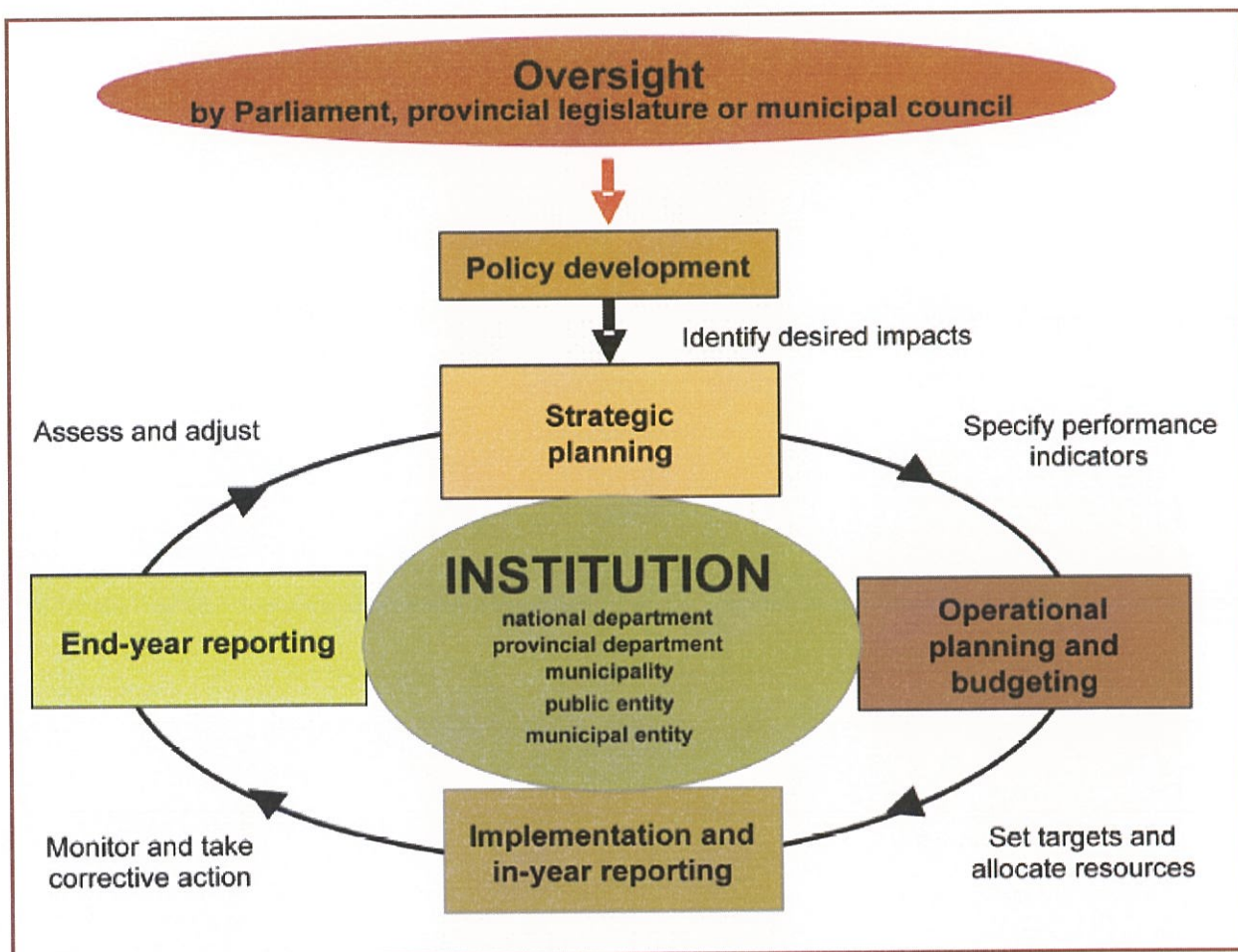
EC136 Emalahleni (EC) - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

| Strategic Objective | Goal | Goal Code | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure | | |
|--|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | | |
| Good Governance & Municipal transformation | To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.) To have a transparent and performance driven organisation (KPA Good governance and public participation) | A | | 597 | 942 | 8 473 | 3 110 | 14 195 | 14 195 | 6 700 | – | – |
| Financial Viability | To implement good financial management (KA Financial management and viability) | B C | | 672 | 1 648 | 2 371 | 260 | 838 | 838 | – | – | – |
| Local Economic Development | To ensure that conditions are created which stimulate the growth of the local economy (KPA LED) | D E | | 7 727 | 8 787 | 18 648 | 14 663 | 14 266 | 14 266 | 3 914 | 2 858 | 34 271 |
| Service Delivery | To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery) | F G | | 8 074 | 25 725 | 9 093 | 24 483 | 20 650 | 20 650 | 28 356 | 29 691 | – |
| Allocations to other priorities | | | 3 | | | | | | | | | |
| Total Capital Expenditure | | | 1 | 17 070 | 37 101 | 38 585 | 42 515 | 49 948 | 49 948 | 38 970 | 32 549 | 34 271 |

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

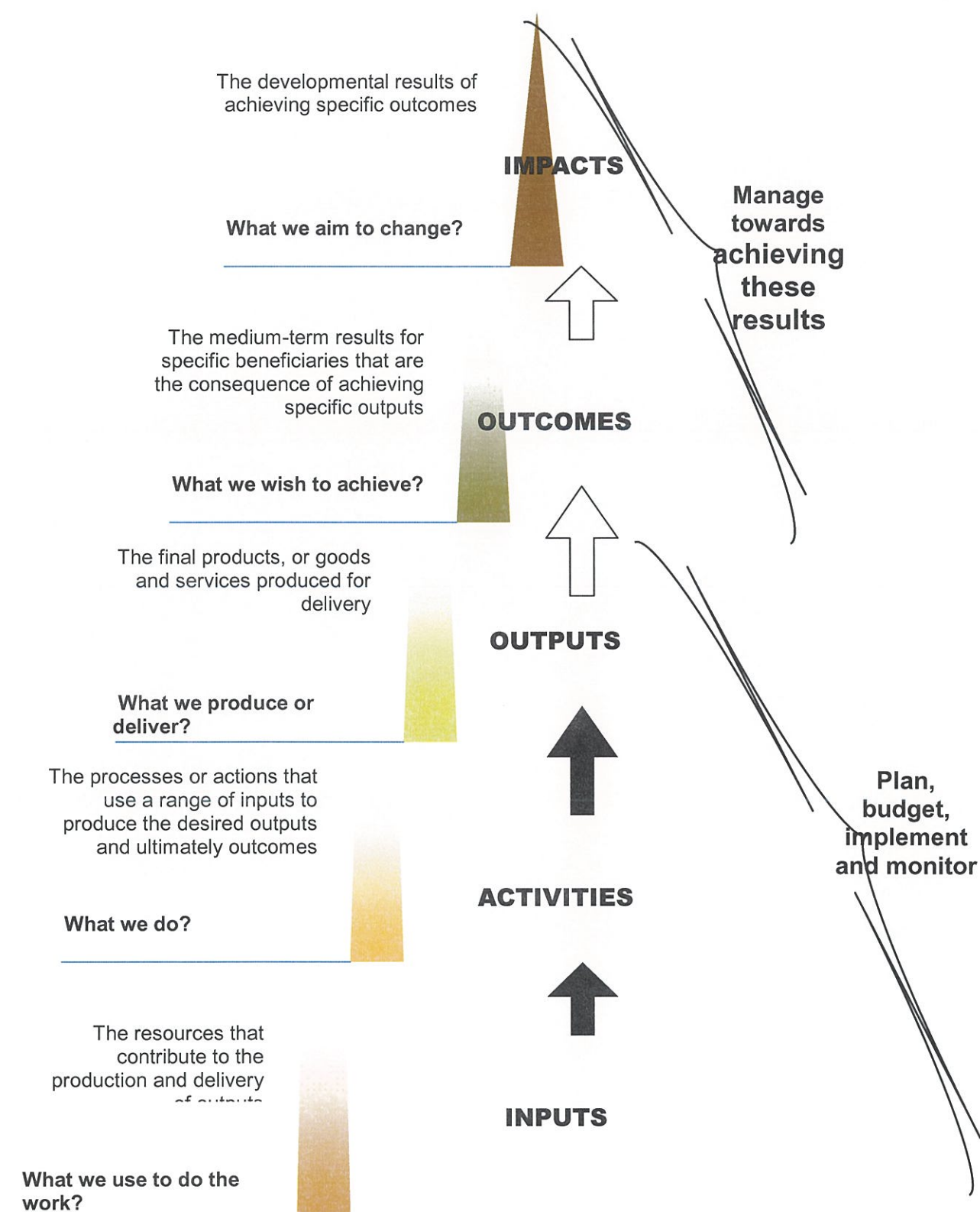
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

MBRR Table SA8 - Performance indicators and benchmarks**EC136 Emalahleni (EC) - Supporting Table SA8 Performance indicators and benchmarks**

| Description of financial indicator | Basis of calculation | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Borrowing Management | | | | | | | | | | | |
| Credit Rating | | 0.008 | 0.005 | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 0.8% | 0.5% | 0.7% | 0.4% | 0.4% | 0.4% | 0.4% | 0.6% | 0.4% | 0.4% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 2.4% | 1.6% | 4.3% | 2.5% | 2.8% | 2.8% | 2.9% | 4.0% | 3.0% | 2.9% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Safety of Capital | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Liquidity | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 3.8 | 2.9 | 1.5 | 1.9 | 1.1 | 1.1 | 1.1 | 0.8 | 0.7 | 0.6 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 3.8 | 2.9 | 1.5 | 1.9 | 1.1 | 1.1 | 1.1 | 0.8 | 0.7 | 0.6 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 3.0 | 2.1 | 0.9 | 1.2 | 0.4 | 0.4 | 0.4 | – | – | – |
| Revenue Management | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 100.0% | 58.1% | -2.8% | 106.2% | 37.2% | 37.2% | 39.2% | 57.2% | 59.0% |
| Current Debtors Collection Rate (Cash) | | 100.0% | 58.1% | -2.8% | 106.2% | 37.2% | 37.2% | 39.2% | 57.2% | 59.0% | 61.0% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 9.6% | 11.6% | 17.1% | 6.2% | 16.3% | 16.3% | 16.4% | 23.6% | 29.6% | 35.3% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | 9.5% | 10.3% | | | | | | | | |
| Creditors Management | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within' MFMA' s 65(e)) | | | | | | | | | | |
| Creditors to Cash and Investments | | 8.5% | 29.6% | 49.7% | 46.7% | 121.2% | 121.2% | 121.2% | -200.5% | -60.4% | -33.5% |
| | | | | | | | | | | | |
| Other Indicators | | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | 7604645 | 6108588 | 5605640 | 5605640 | 5605640 | 5605640 | 5605640 | 5605640 | 5605640 | 5605640 |
| | Total Cost of Losses (Rand '000) | 7 792 | 5 986 | 5 494 | 5 494 | 5 494 | 5 494 | 5 494 | 5 494 | 5 494 | 5 494 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | 58% | 46% | 39% | 39% | 39% | 39% | 39% | 35% | 30% | 25% |
| Water Distribution Losses (2) | Total Volume Losses (kl) | – | – | – | – | – | – | – | – | – | – |
| | Total Cost of Losses (Rand '000) | – | – | – | – | – | – | – | – | – | – |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | – | – | – | – | – | – | – | – | – | – |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 32.2% | 29.1% | 30.5% | 34.2% | 31.7% | 31.7% | 31.9% | 38.8% | 42.8% | 44.7% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 38.9% | 35.2% | 37.6% | 40.4% | 38.0% | 38.0% | | 51.8% | 56.2% | 58.9% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 5.4% | 5.4% | 3.6% | 7.2% | 5.8% | 5.8% | | 4.8% | 7.7% | 8.0% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 16.3% | 20.0% | 22.8% | 14.6% | 14.4% | 14.4% | 14.5% | 16.3% | 16.7% | 17.4% |
| IDP regulation financial viability | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 7.4 | 8.3 | 5.7 | 3.8 | 3.8 | 3.8 | 4.5 | 5.1 | 4.8 | 5.3 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 68.2% | 74.5% | 153.9% | 51.4% | 159.5% | 159.5% | 167.4% | 206.8% | 251.6% | 273.9% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 6.5 | 5.1 | 3.4 | 2.0 | 1.6 | 1.6 | 1.6 | (0.8) | (2.3) | (4.2) |

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emalahleni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.4 percent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has bought vehicles on hire purchase and will pay instalments monthly for a five year period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/17 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.10.1.3 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rates in this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 50 per cent and should increase if the municipality wants to be financial as a going concern conservative approach in order to cater for the current negative economic climate.

1.10.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.5 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the MTREF 1 368 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 50 kwh of electricity and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.11.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy has been reviewed in March 2016. The amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

1.11.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on at main municipal building, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2015 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.12.3 Credit rating outlook

The Municipality did not perform a credit rating outlook.

1.12.4 Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

1.12.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (55 per cent) of annual billings. Cash flow is assumed to be 55 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.12.7 Salary increases

There is a collective agreement on salary increases in place for the budget year, and the guidance on increases as contained in Circular 78 of National Treasury was also used during the compilation of budget accordingly.

1.12.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

| Description R thousands | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Financial Performance | | | | | | | | | | |
| Property rates | 3 194 | 3 218 | 3 719 | 3 551 | 4 143 | 4 143 | 4 143 | 4 391 | 4 066 | 4 305 |
| Service charges | 14 914 | 21 381 | 11 180 | 16 815 | 12 754 | 12 754 | 11 916 | 12 895 | 13 798 | 15 571 |
| Investment revenue | 897 | 731 | 721 | 633 | 733 | 733 | 733 | 797 | 1 036 | 1 097 |
| Transfers recognised - | 93 | 61 | 66 | 1 345 | 74 | 74 | 74 | 1 345 | 1 349 | 1 429 |
| Other own revenue | 116 503 | 136 914 | 124 204 | 150 738 | 154 525 | 154 525 | 154 525 | 138 848 | 140 432 | 140 506 |
| Gains on disposal of PPE | 135 602 | 162 305 | 139 889 | 173 082 | 172 229 | 172 229 | 171 391 | 158 277 | 160 681 | 162 909 |

SA15 – Detail Investment Information

| EC136 Emalahleni (EC) - Supporting Table SA15 Investment particulars by type | | | | | | | | | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Investment type | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| Securities - National Government | | | | | | | | | | |
| Listed Corporate Bonds | | | | | | | | | | |
| Deposits - Bank | | – | 41 614 | 28 563 | 20 579 | 16 578 | 16 578 | – | – | – |
| Deposits - Public Investment Commissioners | | | | | | | | | | |
| Deposits - Corporation for Public Deposits | | | | | | | | | | |
| Bankers Acceptance Certificates | | | | | | | | | | |
| Non-liable Certificates of Deposit - Banks | | | | | | | | | | |
| Guaranteed Endowment Policies (sinking) | | | | | | | | | | |
| Repurchase Agreements - Banks | | | | | | | | | | |
| Municipal Bonds | | | | | | | | | | |
| Municipality sub-total | 1 | – | 41 614 | 28 563 | 20 579 | 16 578 | 16 578 | – | – | – |

1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below gives a clear indication that the municipality is going into cashflow difficulties within the MTREF period. The table improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table A7 - Budget cash flow statement

EC136 Emalahleni (EC) - Table A7 Budgeted Cash Flows

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates, penalties & collection charges | | 3 194 | 3 218 | 3 719 | 2 851 | 1 446 | 1 446 | 1 446 | 2 591 | 2 399 | 2 540 |
| Service charges | | 14 914 | 11 063 | (4 130) | 18 787 | 4 843 | 4 843 | 4 843 | 7 302 | 8 147 | 9 587 |
| Other revenue | | 5 339 | | | 4 095 | 2 392 | 2 392 | 2 392 | 2 494 | 2 402 | 2 544 |
| Government - operating | 1 | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Government - capital | 1 | 23 095 | 22 739 | 28 981 | 30 615 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Interest | | 9 301 | 6 500 | 7 280 | 4 867 | 7 513 | 7 513 | 7 513 | 5 590 | 5 458 | 5 780 |
| Dividends | | | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (116 356) | (106 429) | (130 520) | (146 080) | (157 136) | (157 136) | (157 136) | (159 260) | (163 668) | (171 688) |
| Finance charges | | (244) | (137) | (58) | (730) | (500) | (500) | (500) | (850) | (837) | (886) |
| Transfers and Grants | 1 | | | | (28 390) | | | | (3 672) | (3 888) | (4 181) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 24 657 | 35 396 | 18 153 | 29 769 | 34 600 | 34 600 | 34 600 | 15 054 | 15 296 | 10 320 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | | | | 410 | 410 | 410 | | | |
| Decrease (Increase) in non-current debtors | | | | | | | | | | | |
| Decrease (increase) other non-current receivables | | | | | | | | | | | |
| Decrease (increase) in non-current investments | | | | | | | | | | | |
| Payments | | | | | | | | | | | |
| Capital assets | | (17 070) | (37 101) | (36 956) | (42 515) | (49 948) | (49 948) | (49 948) | (39 912) | (32 924) | (34 013) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (17 070) | (37 101) | (36 956) | (42 515) | (49 537) | (49 537) | (49 537) | (39 912) | (32 924) | (34 013) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | | | | | | | | | | |
| Borrowing long term/refinancing | | | | | | | | | | | |
| Increase (decrease) in consumer deposits | | 9 | (110) | | | | | | | | |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | (545) | (306) | (414) | (5) | (260) | (260) | (260) | (263) | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (536) | (416) | (414) | (5) | (260) | (260) | (260) | (263) | | |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 7 051 | (2 122) | (19 217) | (12 752) | (15 198) | (15 198) | (15 198) | (25 121) | (17 628) | (23 693) |
| Cash/cash equivalents at the year begin: | 2 | 46 064 | 53 115 | 50 993 | 33 908 | 31 776 | 31 776 | 31 776 | 16 578 | (8 543) | (26 171) |
| Cash/cash equivalents at the year end: | 2 | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 543) | (26 171) | (49 863) |

1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (EC) - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 543) | (26 171) | (49 863) |
| Other current investments > 90 days | | 0 | 0 | 0 | — | 0 | 0 | 0 | — | — | — |
| Non current assets - Investments | 1 | — | — | — | — | — | — | — | — | — | — |
| Cash and investments available: | | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 543) | (26 171) | (49 863) |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 7 225 | 1 801 | 349 | — | — | — | — | — | — | — |
| Unspent borrow ing | | — | — | — | — | — | — | — | — | — | — |
| Statutory requirements | 2 | — | — | — | — | — | — | — | — | — | — |
| Other working capital requirements | 3 | — | — | — | — | — | — | — | — | — | — |
| Other provisions | | — | — | — | — | — | — | — | — | — | — |
| Long term investments committed | 4 | — | — | — | — | — | — | — | — | — | — |
| Reserves to be backed by cash/invest | 5 | — | — | — | — | — | — | — | — | — | — |
| Total Application of cash and investmen | | 7 225 | 1 801 | 349 | — | — | — | — | — | — | — |
| Surplus(shortfall) | | 45 890 | 49 192 | 31 428 | 21 156 | 16 578 | 16 578 | 16 578 | (8 543) | (26 171) | (49 863) |

From the above table it can be seen that the cash and investments available total to a deficit of R 8.543 million in the 2016/17 financial year and quickly worsens to a deficit of R 49.863 million by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

IBRR SA10 – Funding compliance measurement

| EC136 Emalahleni (EC) Supporting Table SA10 Funding measurement | | | | | | | | | | | | |
|---|--------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
| Description | MFMA section | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & | | |
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Funding measures | | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1 | 53 115 | 50 993 | 31 776 | 21 156 | 16 578 | 16 578 | 16 578 | (8 543) | (26 171) | (49 863) |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 2 | 47 795 | 38 545 | 15 208 | 21 522 | 6 908 | 6 908 | 7 296 | (6 401) | (16 542) | (34 881) |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3 | 6.5 | 5.1 | 3.4 | 2.0 | 1.6 | 1.6 | 1.6 | (0.8) | (2.3) | (4.2) |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 4 | 2 658 | (5 329) | (11 157) | 1 194 | 42 | 42 | (797) | (831) | (1 541) | (9 146) |
| Service charge rev % change - macro CPX target exclusive | 18(1)a,(2) | 5 | N.A. | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 6 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 7 | 52.7% | 78.2% | 91.1% | 6.4% | 13.6% | 13.6% | 14.3% | 14.6% | 7.7% | 7.3% |
| Capital payments % of capital expenditure | 18(1)c;19 | 8 | 100.0% | 100.0% | 95.8% | 100.0% | 100.0% | 104.9% | 104.9% | 102.4% | 101.2% | 99.2% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 9 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | 10 | | | | | | | | 0.0% | 0.0% | 0.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | 11 | N.A. | 45.7% | 27.3% | (55.1%) | 160.3% | 0.0% | 0.0% | 33.0% | 27.1% | 20.8% |
| Long term receivables % change - incr(decr) | 18(1)a | 12 | N.A. | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Capex % of Property Plant & Equipment | 20(1)(vi) | 13 | 1.7% | 2.1% | 1.2% | 2.7% | 2.1% | 2.1% | 1.6% | 1.6% | 2.5% | 2.6% |
| Asset renewal % of capital budget | 20(1)(vi) | 14 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

1.13.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.13.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the

cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.13.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.13.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/17 MTREF and outer years the municipality has a small deficit that increase in the the outer years. It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.13.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 percent). The result is intended to be an approximation of the real increase in revenue.

1.13.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 55 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 14 per cent over the MTREF.

1.13.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

1.13.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.13.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.13.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

1.13.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.14 Expenditure on grants and reconciliations of unspent funds

SA19 - Expenditure on transfers and grant programmes

| EC136 Emalahleni (EC) - Supporting Table SA19 Expenditure on transfers and grant programme | | | | | | | | | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| EXPENDITURE: | 1 | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 82 270 | 94 165 | 108 538 | 142 953 | 142 953 | 142 953 | 129 886 | 131 934 | 132 354 |
| Local Government Equitable Share | | 69 797 | 78 749 | 92 038 | 116 537 | 116 537 | 116 537 | 114 599 | 121 843 | 127 950 |
| Municipal Infrastructure Grant (MIG) - Operating | | – | 880 | 1 549 | 1 611 | 1 611 | 1 611 | 1 588 | 1 713 | 1 804 |
| Local Government Financial Management Grant (FMG) | | 1 379 | 1 650 | 1 800 | 1 875 | 1 875 | 1 875 | 2 010 | 2 345 | 2 600 |
| Municipal Systems Improvement Grant (MSIG) | | 736 | 890 | 934 | 930 | 930 | 930 | 957 | 1 033 | – |
| Integrated National Electrification Grant (INEP) | | 9 000 | 10 996 | 11 000 | 21 000 | 21 000 | 21 000 | 9 317 | 5 000 | – |
| Extended Public Works Program (EPWP) | | 1 358 | 1 000 | 1 217 | 1 000 | 1 000 | 1 000 | 1 415 | – | – |
| | | – | – | – | – | – | – | | | |
| Provincial Government: | | 441 | 831 | 2 570 | 800 | 1 074 | 1 074 | 803 | 800 | – |
| Library | | 441 | 831 | 1 131 | 800 | 1 074 | 1 074 | 803 | 800 | – |
| Waste Management Grant | | – | – | 1 343 | | | – | | | |
| LED | | | | 96 | | | | | | |
| District Municipality: | | 2 705 | 3 446 | 1 773 | – | 1 400 | 1 400 | – | – | – |
| CHDM Food Program | | | | – | – | – | – | – | – | – |
| CHDM Sorghum & Processing | | | | – | – | – | – | – | – | – |
| CHDM Cleaning program | | | | 202 | – | – | – | – | – | – |
| CHDM Revenue Enhancement | | | | 106 | – | – | – | – | – | – |
| CHDM Paving and beautification | | | | 1 465 | – | 1 000 | 1 000 | – | – | – |
| CHDM Heritage Grant | | | | – | – | – | – | – | – | – |
| Greenest Municipality Grant | | | | – | – | 200 | 200 | – | – | – |
| IT Support Grant | | | | – | – | 200 | 200 | – | – | – |
| CHDM Other | | 2 705 | 3 446 | – | – | – | – | – | – | – |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| [insert description] | | | | | | | | | | |
| Total operating expenditure of Transfers and Grants | | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Municipal Infrastructure Grant (MIG) | | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Provincial Government: | | – | – | – | – | – | – | – | – | – |
| Waste Management Grant | | | | | | | | | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| CHDM Food Program | | | | | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| 0 | | | | | | | | | | |
| Total capital expenditure of Transfers and Grants | | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 106 208 | 126 640 | 143 280 | 174 368 | 176 042 | 176 042 | 160 859 | 165 283 | 166 625 |

SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC136 Emalahleni (EC) - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Operating transfers and grants: | 1,3 | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 1 539 | 43 | 43 | | | | | | |
| Current year receipts | | 82 270 | 94 165 | 108 538 | 142 953 | 142 953 | 142 953 | 129 886 | 131 934 | 132 354 |
| Conditions met - transferred to revenue | | 82 270 | 94 165 | 108 538 | 142 953 | 142 953 | 142 953 | 129 886 | 131 934 | 132 354 |
| Conditions still to be met - transferred to liabilities | | 1 539 | 43 | 43 | | | | | | |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 2 309 | 728 | 306 | | | | | | |
| Current year receipts | | 441 | 831 | 2 570 | 800 | 1 074 | 1 074 | 803 | 800 | — |
| Conditions met - transferred to revenue | | 441 | 831 | 2 570 | 800 | 1 074 | 1 074 | 803 | 800 | — |
| Conditions still to be met - transferred to liabilities | | 2 309 | 728 | 306 | | | | | | |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 860 | | | | | | | | |
| Current year receipts | | 2 705 | 3 446 | 1 773 | | 1 400 | 1 400 | — | — | — |
| Conditions met - transferred to revenue | | 2 705 | 3 446 | 1 773 | — | 1 400 | 1 400 | — | — | — |
| Conditions still to be met - transferred to liabilities | | 860 | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | | |
| Current year receipts | | | | | | | | | | |
| Conditions met - transferred to revenue | | — | — | — | — | — | — | — | — | — |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| Total operating transfers and grants revenue | | 85 415 | 98 441 | 112 881 | 143 753 | 145 427 | 145 427 | 130 689 | 132 734 | 132 354 |
| Total operating transfers and grants - CTBM | 2 | 4 708 | 771 | 349 | — | — | — | — | — | — |
| Capital transfers and grants: | 1,3 | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 2 518 | 721 | | | | | | | |
| Current year receipts | | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Conditions met - transferred to revenue | | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Conditions still to be met - transferred to liabilities | | 2 518 | 721 | | | | | | | |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | | |
| Current year receipts | | | | | | | | | | |
| Conditions met - transferred to revenue | | — | — | — | — | — | — | — | — | — |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | | |
| Current year receipts | | | | | | | | | | |
| Conditions met - transferred to revenue | | — | — | — | — | — | — | — | — | — |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | | | | | | | | | |
| Current year receipts | | | | | | | | | | |
| Conditions met - transferred to revenue | | — | — | — | — | — | — | — | — | — |
| Conditions still to be met - transferred to liabilities | | | | | | | | | | |
| Total capital transfers and grants revenue | | 20 793 | 28 198 | 30 399 | 30 615 | 30 615 | 30 615 | 30 170 | 32 549 | 34 271 |
| Total capital transfers and grants - CTBM | 2 | 2 518 | 721 | — | — | — | — | — | — | — |
| TOTAL TRANSFERS AND GRANTS REVENUE | | 106 208 | 126 640 | 143 280 | 174 368 | 176 042 | 176 042 | 160 859 | 165 283 | 166 625 |
| TOTAL TRANSFERS AND GRANTS - CTBM | | 7 226 | 1 492 | 349 | — | — | — | — | — | — |

1.15 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

EC136 Emalahleni (EC) - Supporting Table SA22 Summary councillor and staff benefits

| Summary of Employee and Councillor remuneration | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | 1 | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | 9 101 | 9 812 | 10 104 | 10 739 | 10 896 | 10 896 | 10 947 | 12 042 | 12 752 |
| Cellphone Allowance | | | | | | | – | 780 | 859 | 909 |
| Sub Total - Councillors | | 9 101 | 9 812 | 10 104 | 10 739 | 10 896 | 10 896 | 11 728 | 12 900 | 13 662 |
| % increase | 4 | | 7.8% | 3.0% | 6.3% | 1.5% | – | 7.6% | 10.0% | 5.9% |
| Senior Managers of the Municipality | | | | | | | | | | |
| Basic Salaries and Wages | | 7 171 | 6 371 | 6 392 | 6 866 | 7 146 | 7 146 | 7 861 | 8 647 | 9 512 |
| Performance Bonus | | 115 | (2 303) | 582 | 97 | | – | 1 077 | 1 211 | 1 332 |
| Sub Total - Senior Managers of Municipality | | 7 285 | 4 068 | 6 974 | 6 963 | 7 146 | 7 146 | 8 938 | 9 858 | 10 843 |
| % increase | 4 | | (44.2%) | 71.5% | (0.2%) | 2.6% | – | 25.1% | 10.3% | 10.0% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 26 431 | 29 907 | 25 746 | 33 338 | 32 795 | 32 795 | 47 135 | 53 826 | 57 002 |
| Pension and UIF Contributions | | 3 245 | 3 780 | 3 888 | 6 197 | 5 467 | 5 467 | 6 144 | 6 489 | 6 871 |
| Medical Aid Contributions | | 949 | 1 298 | 1 323 | 2 049 | 1 932 | 1 932 | 2 095 | 2 209 | 2 340 |
| Overtime | | 1 070 | 1 503 | 846 | 993 | 1 008 | 1 008 | 925 | 1 050 | 1 112 |
| Performance Bonus | | – | – | (582) | – | 820 | 820 | 732 | 427 | 452 |
| Motor Vehicle Allowance | 3 | 653 | 884 | 1 144 | 2 855 | 2 299 | 2 299 | 2 366 | 2 530 | 2 679 |
| Cellphone Allowance | 3 | 283 | 468 | 90 | 432 | 188 | 188 | 176 | 208 | 220 |
| Housing Allowances | 3 | 140 | 143 | 92 | 490 | 117 | 117 | 65 | 70 | 74 |
| Other benefits and allowances | 3 | 328 | 430 | 1 925 | 560 | 2 736 | 2 736 | 749 | 800 | 847 |
| Payments in lieu of leave | | 369 | 1 817 | – | 1 928 | – | – | 134 | 148 | 156 |
| Long service awards | | 316 | 241 | 290 | 260 | 260 | 260 | 272 | 300 | 317 |
| Post-retirement benefit obligations | 6 | 2 614 | 2 757 | (421) | 3 143 | – | – | 587 | 646 | 684 |
| Sub Total - Other Municipal Staff | | 36 399 | 43 227 | 34 341 | 52 244 | 47 621 | 47 621 | 61 381 | 68 702 | 72 755 |
| % increase | 4 | | 18.8% | (20.6%) | 52.1% | (8.8%) | – | 28.9% | 11.9% | 5.9% |
| Total Parent Municipality | | 52 786 | 57 106 | 51 419 | 69 946 | 65 664 | 65 664 | 82 046 | 91 460 | 97 260 |
| | | | 8.2% | (10.0%) | 36.0% | (6.1%) | – | 24.9% | 11.5% | 6.3% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | | 52 786 | 57 106 | 51 419 | 69 946 | 65 664 | 65 664 | 82 046 | 91 460 | 97 260 |
| % increase | 4 | | 8.2% | (10.0%) | 36.0% | (6.1%) | – | 24.9% | 11.5% | 6.3% |
| TOTAL MANAGERS AND STAFF | 5,7 | 43 685 | 47 295 | 41 316 | 59 207 | 54 768 | 54 768 | 70 318 | 78 559 | 83 598 |

SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

| EC136 Emalahleni (EC) - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers) | | | | | | | | |
|---|------------|------------|---------------|----------------------|-------------------|----------------------------|-------------------------|----------------------|
| Disclosure of Salaries, Allowances & Benefits 1. | Ref | No. | Salary | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
| Rand per annum | | | | 1. | | | | 2. |
| Councillors | 3 | | | | | | | |
| Speaker | 4 | 1 | 651 891 | | 22 955 | | | 674 845 |
| Chief Whip | | 1 | 611 148 | | 22 955 | | | 634 103 |
| Executive Mayor | | 1 | 814 863 | | 22 955 | | | 837 818 |
| Deputy Executive Mayor | | 4 | | | | | | – |
| Executive Committee | | 27 | 2 169 575 | | 91 816 | | | 2 261 391 |
| Total for all other councillors | | | 6 699 761 | | 619 758 | | | 7 319 519 |
| Total Councillors | 8 | 34 | 10 947 238 | – | 780 438 | | | 11 727 677 |
| Senior Managers of the Municipality | 5 | | | | | | | |
| Municipal Manager (MM) | | 1 | 1 641 318 | | | 208 895 | | 1 850 213 |
| Chief Finance Officer | | 1 | 1 281 893 | | | 179 465 | | 1 461 358 |
| Director - Corporate Services | | 1 | 1 233 215 | | | 156 955 | | 1 390 170 |
| Director - IPED | | 1 | 1 228 919 | | | 172 049 | | 1 400 968 |
| Director: Infrastructure and Human Settlements | | 1 | 1 228 919 | | | 172 049 | | 1 400 968 |
| Director - Community | | 1 | 1 228 919 | | | 172 049 | | |
| Contribution to Provision | | | | | | | | – |
| <i>List of each official with packages >= senior manager</i> | | | | | | | | |
| | | | | | | | | – |
| Total Senior Managers of the Municipality | 8,10 | 6 | 7 843 183 | – | – | 1 061 461 | | 7 503 676 |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 10 | 40 | 18 790 421 | – | 780 438 | 1 061 461 | – | 19 231 353 |

SA24– Summary of personnel numbers

| EC136 Emalahleni (EC) - Supporting Table SA24 Summary of personnel numbers | | | | | | | | | | |
|--|-------|-----------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| Summary of Personnel Numbers | Ref | 2014/15 | | | Current Year 2015/16 | | | Budget Year 2016/17 | | |
| Number | 1,2 | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | | 34 | – | 34 | 34 | – | 34 | 34 | – | 34 |
| Board Members of municipal entities | 4 | | | | | | | | | |
| Municipal employees | | | | | | | | | | |
| Municipal Manager and Senior Managers | 3 | 6 | – | 6 | 6 | – | 6 | 6 | – | 6 |
| Other Managers | 7 | 10 | – | 1 | 11 | 10 | 1 | 11 | 10 | 1 |
| Professionals | | 6 | 6 | – | 44 | 42 | 2 | 44 | 42 | 2 |
| Finance | | 3 | 3 | – | 3 | 3 | – | 3 | 3 | – |
| Spatial/town planning | | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Information Technology | | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Roads | | – | – | – | 1 | 1 | – | 1 | 1 | – |
| Electricity | | – | – | – | 1 | 1 | – | 1 | 1 | – |
| Refuse | | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Other | | | | | 36 | 34 | 2 | 36 | 34 | 2 |
| Technicians | | 11 | 11 | – | 15 | 15 | – | 15 | 15 | – |
| Finance | | 7 | 7 | – | 7 | 7 | – | 7 | 7 | – |
| Spatial/town planning | | | | | 1 | 1 | – | 1 | 1 | – |
| Information Technology | | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Roads | | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Electricity | | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Refuse | | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Other | | – | – | – | 3 | 3 | – | 3 | 3 | – |
| Clerks (Clerical and administrative) | | | | | 40 | 40 | – | 40 | 40 | – |
| Service and sales workers | | 38 | 38 | – | | | | | | |
| Skilled agricultural and fishery workers | | – | – | – | 1 | 1 | – | 1 | 1 | – |
| Craft and related trades | | – | – | – | – | – | – | – | – | – |
| and Machine Operators | | 5 | 5 | – | 5 | 5 | – | 5 | 5 | – |
| Elementary Occupations | | 78 | 78 | 2 | 85 | 83 | 2 | 85 | 83 | 2 |
| TOTAL PERSONNEL NUMBERS | 9 | 188 | 138 | 43 | 241 | 196 | 45 | 241 | 196 | 45 |
| % increase | | | | | 28.2% | 42.0% | 4.7% | – | – | – |
| Total municipal employees headcount | 6, 10 | 192 | 142 | 43 | 241 | 196 | 45 | 241 | 196 | 45 |
| Finance personnel headcount | 8, 10 | 17 | 18 | 1 | 24 | 24 | – | 24 | 24 | – |
| Human Resources personnel headcount | 8, 10 | 7 | 7 | – | 8 | 8 | – | 8 | 8 | – |

1.16 Monthly targets for revenue, expenditure and cash flow

SA25 - Budgeted monthly revenue and expenditure

EC136 Enalaheni (EC) - Supporting Table SA25 Budgeted monthly revenue and expenditure

| R thousand | Description | Ref | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure | | |
|----------------------------|--|----------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------------|------------------------|------------------------|
| | | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue By Source | | | | | | | | | | | | | | | | | |
| | Property rates | | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 366 | 4 391 | 4 066 | 4 305 |
| | Service charges - electricity revenue | | 848 | 848 | 848 | 848 | 848 | 848 | 848 | 848 | 848 | 848 | 848 | 848 | 10 176 | 10 888 | 11 531 |
| | Service charges - refuse revenue | | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 2 719 | 2 909 | 4 041 |
| | Rental of facilities and equipment | | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 797 | 1 036 | 1 097 |
| | Interest earned - external investments | | 295 | 295 | 295 | 295 | 295 | 295 | 295 | 295 | 295 | 295 | 295 | 295 | 3 545 | 3 750 | 3 971 |
| | Interest earned - outstanding debtors | | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 289 | 3 466 | 2 895 | 3 066 |
| | Fines | | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 123 | — | — |
| | Licences and permits | | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 542 | 542 | 574 |
| | Agency services | | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 112 | 1 345 | 1 349 | 1 429 |
| | Transfers recognised - operational | | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 10 891 | 130 689 | 132 734 | 132 354 |
| | Other revenue | | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 484 | 511 | 541 |
| | Gains on disposal of PPE | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Total Revenue (excluding capital transfers and | | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 13 190 | 158 277 | 160 681 | 162 909 |
| Expenditure By Type | | | | | | | | | | | | | | | | | |
| | Employee related costs | | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 5 115 | 61 381 | 68 702 | 72 755 |
| | Remuneration of councillors | | 977 | 977 | 977 | 977 | 977 | 977 | 977 | 977 | 977 | 977 | 977 | 977 | 11 728 | 12 900 | 13 662 |
| | Debt impairment | | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 211 | 2 526 | 1 376 | 1 457 |
| | Depreciation & asset impairment | | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 2 084 | 25 003 | 25 935 | 27 466 |
| | Finance charges | | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 850 | 837 | 886 |
| | Bulk purchases | | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 1 554 | 18 650 | 19 094 | 20 221 |
| | Contracted services | | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 330 | 3 956 | 4 437 | 4 699 |
| | Transfers and grants | | 306 | 306 | 306 | 306 | 306 | 306 | 306 | 306 | 306 | 306 | 306 | 306 | 3 672 | 3 888 | 4 181 |
| | Other expenditure | | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 5 126 | 61 513 | 57 601 | 60 999 |
| | Loss on disposal of PPE | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Total Expenditure | | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 189 278 | 194 770 | 206 326 |
| | Surplus/(Deficit) | | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (2 583) | (31 001) | (34 089) | (43 417) |
| | Transfers recognised - capital | | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 30 170 | 32 549 | 34 271 |
| | Contributions recognised - capital | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Contributed assets | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Surplus/(Deficit) after capital transfers & contributions | | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (831) | (1 541) | (9 146) |
| | Taxation | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Attributable to minorities | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Share of surplus/ (deficit) of associate | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| | Surplus/(Deficit) | 1 | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (69) | (831) | (1 541) | (9 146) |

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC136 Emalahleni (EC) - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

| Description | | Ref | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | | |
|--|---|-----|---------------------|--------|--------|---------|----------|----------|---------|----------|--------|--------|--------|--------|---|------------------------|------------------------|---------|
| R thousand | | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | |
| Revenue - Standard | | | | | | | | | | | | | | | | | | |
| Governance and administration | | | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 10 579 | 126 950 | 134 549 | 140 429 |
| Executive and council | | | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 6 458 | 6 773 | 7 107 |
| Budget and treasury office | | | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 120 492 | 127 776 | 133 322 |
| Corporate services | | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Community and public safety | | | 146 | 146 | 146 | 146 | 146 | 146 | 146 | 146 | 146 | 146 | 146 | 146 | 146 | 1 751 | 1 800 | 1 059 |
| Community and social services | | | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 1 678 | 1 723 | 977 |
| Housing | | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 74 | 77 | 82 |
| Economic and environmental services | | | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 35 165 | 36 132 | 38 055 |
| Planning and development | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 | 6 |
| Road transport | | | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 2 930 | 35 161 | 36 126 | 38 049 |
| Trading services | | | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 2 117 | 25 400 | 21 428 | 17 397 |
| Electricity | | | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 1 657 | 19 883 | 16 006 | 11 655 |
| Waste management | | | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 460 | 5 517 | 5 422 | 5 742 |
| Other | | | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 27 | 227 | 240 |
| Total Revenue - Standard | | | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 189 294 | 194 136 | 197 180 |
| Expenditure - Standard | | | | | | | | | | | | | | | | | | |
| Governance and administration | | | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 6 855 | 82 261 | 87 896 | 93 146 |
| Executive and council | | | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 31 328 | 33 863 | 35 861 |
| Budget and treasury office | | | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 32 736 | 34 383 | 36 476 |
| Corporate services | | | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 18 197 | 19 650 | 20 809 |
| Community and public safety | | | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 1 664 | 19 967 | 18 037 | 19 101 |
| Community and social services | | | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 1 376 | 16 507 | 15 500 | 16 414 |
| Sport and recreation | | | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 111 | 1 240 | 1 313 | 1 313 |
| Housing | | | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 178 | 2 131 | 1 297 | 1 373 |
| Economic and environmental services | | | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 3 697 | 44 363 | 48 277 | 51 125 |
| Planning and development | | | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 5 630 | 6 989 | 7 402 |
| Road transport | | | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 3 228 | 38 733 | 41 288 | 43 724 |
| Trading services | | | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 3 513 | 42 153 | 40 078 | 42 443 |
| Electricity | | | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 2 811 | 33 737 | 32 760 | 34 693 |
| Waste management | | | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 701 | 8 416 | 7 318 | 7 750 |
| Other | | | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 534 | 483 | 511 |
| Total Expenditure - Standard | | | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 189 278 | 194 770 | 206 326 |
| Surplus/(Deficit) before assoc. share of surplus/ (deficit) of associate | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 16 | (634) | (9 146) |
| Surplus/(Deficit) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 16 | (634) | (9 146) |

BRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**EC136 Emalahleni (EC) - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

| Description | Ref | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|----------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|
| | | | | | | | | | | | | | | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | | | |
| R thousand | | | | | | | | | | | | | | | | |
| Revenue by Vote | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 538 | 6 458 | 6 773 | 7 107 |
| Vote 2 - Corporate Services | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Budget and Treasury | | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 10 041 | 120 492 | 127 776 | 133 322 |
| Vote 4 - Economic Development, Tourism and Agriculture | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 5 | 6 |
| Vote 5 - Community and Social Services | | 602 | 602 | 602 | 602 | 602 | 602 | 602 | 602 | 602 | 602 | 602 | 602 | 7 221 | 7 372 | 6 959 |
| Vote 6 - Infrastructure Development and Housing Services | | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 4 593 | 55 118 | 52 209 | 49 786 |
| Total Revenue by Vote | | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 15 774 | 189 294 | 194 136 | 197 180 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 2 611 | 31 328 | 33 863 | 35 861 |
| Vote 2 - Corporate Services | | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 1 516 | 18 197 | 19 650 | 20 809 |
| Vote 3 - Budget and Treasury | | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 2 728 | 32 736 | 34 383 | 36 476 |
| Vote 4 - Economic Development, Tourism and Agriculture | | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 469 | 5 630 | 6 989 | 7 402 |
| Vote 5 - Community and Social Services | | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 2 232 | 26 787 | 24 541 | 25 988 |
| Vote 6 - Infrastructure Development and Housing Services | | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 6 217 | 74 601 | 75 344 | 79 790 |
| Total Expenditure by Vote | | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 15 773 | 189 278 | 194 770 | 206 326 |
| Surplus/(Deficit) before assoc. | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 16 | (634) | (9 146) |
| Taxation | | | | | | | | | | | | | | - | - | - |
| Attributable to minorities | | | | | | | | | | | | | | - | - | - |
| Share of surplus/ (deficit) of associate | | | | | | | | | | | | | | - | - | - |
| Surplus/(Deficit) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 16 | (634) | (9 146) |

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC136 Emalahleni (EC) - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

| R thousand | Description | Ref | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|------------|--|-----|---------------------|--------|-------|---------|-------|-------|---------|-------|-------|-------|-------|-------|---|------------------------|------------------------|
| | | | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | Multi-year expenditure to be appropriated | 1 | | | | | | | | | | | | | | | |
| | Vote 1 - Executive and Council | | | | | | | | | | | | | 2 500 | 2 500 | - | - |
| | Vote 2 - Corporate Services | | | | | | | | | | | | | - | - | - | - |
| | Vote 3 - Budget and Treasury | | | | | | | | | | | | | - | - | - | - |
| | Vote 4 - Economic Development, Tourism and Agriculture | | | | | | | | | | | | | - | - | - | - |
| | Vote 5 - Community and Social Services | | 534 | 534 | 534 | 534 | 534 | 534 | 534 | 534 | 534 | 534 | 534 | 534 | 6 402 | 3 858 | 8 700 |
| | Vote 6 - Infrastructure Development and Housing Services | | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 1 897 | 22 768 | 13 733 | - |
| | Capital multi-year expenditure sub-total | 2 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 2 431 | 4 931 | 31 670 | 17 591 | 8 700 |
| | Single-year expenditure to be appropriated | | | | | | | | | | | | | | | | |
| | Vote 1 - Executive and Council | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Vote 2 - Corporate Services | | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4 200 | - | - |
| | Vote 3 - Budget and Treasury | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Vote 4 - Economic Development, Tourism and Agriculture | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Vote 5 - Community and Social Services | | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 167 | 2 000 | - | 25 571 |
| | Vote 6 - Infrastructure Development and Housing Services | | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 1 100 | 14 958 | - |
| | Capital single-year expenditure sub-total | 2 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 7 300 | 14 958 | 25 571 |
| | Total Capital Expenditure | 2 | 3 039 | 3 039 | 3 039 | 3 039 | 3 039 | 3 039 | 3 039 | 3 039 | 3 039 | 3 039 | 3 039 | 5 539 | 38 970 | 32 549 | 34 271 |

A29 - Budgeted monthly capital expenditure (standard classification)

EC136 Emalahleni (EC) - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

| Description | Ref | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | | |
|---|----------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---|------------------------|------------------------|--|
| | | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | |
| R thousand | | | | | | | | | | | | | | | | | |
| Capital Expenditure - Standard | 1 | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 558 | 558 | 558 | 558 | 558 | 558 | 558 | 558 | 558 | 558 | 558 | 558 | 6 700 | - | - | |
| Executive and council | | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 208 | 2 500 | - | - | |
| Budget and treasury office | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Corporate services | | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4 200 | - | - | |
| <i>Community and public safety</i> | | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 3 914 | 2 858 | 34 271 | |
| Community and social services | | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 326 | 3 914 | 2 858 | 34 271 | |
| <i>Economic and environmental services</i> | | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 21 002 | 19 636 | - | |
| Road transport | | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 1 750 | 21 002 | 19 636 | - | |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Trading services</i> | | 613 | 613 | 613 | 613 | 613 | 613 | 613 | 613 | 613 | 613 | 613 | 613 | 7 354 | 10 055 | - | |
| Electricity | | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 2 865 | 9 055 | - | |
| Water | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Waste management | | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 4 488 | 1 000 | - | |
| <i>Other</i> | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Capital Expenditure - Standard | 2 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 38 970 | 32 549 | 34 271 | |
| Funded by: | | | | | | | | | | | | | | | | | |
| National Government | | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 30 170 | 32 549 | 34 271 | |
| Provincial Government | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| District Municipality | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers recognised - capital | | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 2 514 | 30 170 | 32 549 | 34 271 | |
| Public contributions & donations | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Internally generated funds | | 733 | 733 | 733 | 733 | 733 | 733 | 733 | 733 | 733 | 733 | 733 | 733 | 8 800 | - | - | |
| Total Capital Funding | | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 3 248 | 38 970 | 32 549 | 34 271 | |

SA30 - Budgeted monthly cash

[illegible]

1.17 Capital expenditure details

SA36 - Detailed capital budget per municipal vote

| EC136 Enslahleni (EC) - Supporting Table SA36 Detailed capital budget | | | | | | | | | | | | | | | | | |
|---|-----|------------------------------|----------------|---------------|--------------------------------|---------------------------------|--------------------------------------|------------------|------------------------|-------------------------|---------------------------------|---------------------|---|------------------------|---------------|---------------------|--|
| Municipal Vote/Capital project | Ref | Program/Project description | Project number | IDP Goal code | Individually Approved (Yes/No) | Asset Class | Asset Sub-Class | GPS co-ordinates | Total Project Estimate | Prior year outcomes | | | 2016/17 Medium Term Revenue & Expenditure Framework | | | Project information | |
| R thousand | 4 | | | 2 | 6 | 3 | 3 | 5 | | Audited Outcome 2014/15 | Current Year Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | Ward location | New or renewal | |
| Parent municipality: | | | | | | | | | | | | | | | | | |
| List all capital projects grouped by Municipal Vote | | | | | | | | | | | | | | | | | |
| Vote 5 - Community and Social Services | | MIG SPORTSFIELD CONSTRUCTION | 9000/4607/0000 | | Yes | Community | Sportsfields & stadia | new | 6 952 | 4 954 | 1 998 | | | | | NEW | |
| | | MIG TRAFFIC STATION | 9000/4611/0000 | | Yes | Other assets | Civic Land and Buildings | new | 11 453 | 3 881 | 71 | | | 7 500 | | NEW | |
| Vote 5 - Community and Social Services | | MIG CEMETRIES | 9000/4613/0000 | | Yes | Community | Cemeteries | new | 3 028 | 2 478 | 550 | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | CONSTR OF TSHINGA-NJOMBELA (| 9000/4623/0000 | | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 50 | 50 | - | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | CONSTR OF DIKATOLE-MANG (E) | 9000/4626/0000 | | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 714 | 714 | - | | | | | NEW | |
| Vote 5 - Community and Social Services | | MIG COMMUNITY HALL WARD 17 | 9000/4631/0000 | | Yes | Community | Community halls | new | 2 989 | 2 989 | - | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | MHLANGA ACCESS ROAD (E) | 9000/4635/0000 | | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 3 642 | 3 642 | - | | | | | NEW | |
| Vote 1 - Executive and Council | | ASSET: COUNCIL BUILDING NEW | 9000/7000/9302 | | Yes | Other assets | Civic Land and Buildings | new | 12 506 | 4 029 | 5 977 | 2 500 | | | | NEW | |
| Vote 1 - Executive and Council | | ASSET: COUNCIL FURNITURE & O | 9000/7000/9306 | | Yes | Other assets | Civic Land and Buildings | new | 72 | 72 | - | | | | | NEW | |
| Vote 1 - Executive and Council | | ASSET: COUNCIL COMPUTERS AND | 9000/7000/9307 | | Yes | Other assets | Computers - hardware/equipment | new | 26 | 26 | - | | | | | NEW | |
| Vote 1 - Executive and Council | | ASSET: MANAGEMENT FURNITURE | 9000/7001/9306 | | Yes | Other assets | Furniture and other office equipment | new | 87 | 87 | - | | | | | NEW | |
| Vote 1 - Executive and Council | | ASSET: MANAGEMENT COMPUTERS | 9000/7001/9307 | | Yes | Other assets | Computers - hardware/equipment | new | 64 | 64 | - | | | | | NEW | |
| Vote 5 - Community and Social Services | | ASSET: WASTE MANAGEMENT GRAN | 9000/7101/9314 | | Yes | Other assets | General vehicles | new | 198 | 198 | - | | | | | NEW | |
| Vote 3 - Budget and Treasury | | ASSET: FINANCIAL SERVICES CA | 9000/7103/9206 | | Yes | Other assets | Computers - hardware/equipment | new | 162 | 2 | 160 | | | | | NEW | |
| Vote 3 - Budget and Treasury | | ASSET: FINANCIAL SERVICES FU | 9000/7103/9306 | | Yes | Other assets | Furniture and other office equipment | new | 626 | 198 | 428 | | | | | NEW | |
| Vote 4 - EDTA | | ASSET: IPED FURNITURE & OFFI | 9000/7200/9306 | | Yes | Other assets | Furniture and other office equipment | new | 163 | 163 | - | | | | | NEW | |
| Vote 4 - EDTA | | ASSET: IPED COMPUTERS AND CA | 9000/7200/9307 | | Yes | Other assets | Computers - hardware/equipment | new | 63 | 53 | 10 | | | | | NEW | |
| Vote 5 - Community and Social Services | | ASSET: COMMUNITY SERVICES FU | 9000/7300/9306 | | Yes | Other assets | Furniture and other office equipment | new | 79 | 79 | - | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | ASSET: TECHNICAL SERVICES FU | 9000/7301/9306 | | Yes | Other assets | Furniture and other office equipment | new | 58 | 58 | - | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | ASSET: TECHNICAL SERVICES CO | 9000/7301/9307 | | Yes | Other assets | Computers - hardware/equipment | new | 50 | 50 | - | 350 | | | | NEW | |
| Vote 2 - Corporate services | | ASSET: CORPORATE SERVICES FU | 9000/7301/9306 | | Yes | Other assets | Furniture and other office equipment | new | 486 | 86 | 50 | | | | | NEW | |
| Vote 2 - Corporate services | | ASSET: CORPORATE SERVICES CO | 9000/7301/9307 | | Yes | Other assets | Computers - hardware/equipment | new | 1 315 | 133 | 832 | 350 | | | | NEW | |
| Vote 3 - Budget and Treasury | | ASSET: FINANCIAL SERVICES CO | 9000/7303/9307 | | Yes | Other assets | Computers - hardware/equipment | new | 126 | 76 | 50 | | | | | NEW | |
| Vote 3 - Budget and Treasury | | ASSET: FINANCIAL SERVICES VE | 9000/7303/9304 | | Yes | Other assets | General vehicles | new | 796 | 796 | - | | | | | NEW | |
| Vote 5 - Community and Social Services | | ASSET: COMMUNITY SERVICES CO | 9000/7303/9307 | | Yes | Other assets | Computers - hardware/equipment | new | 41 | 41 | - | | | | | NEW | |
| Vote 5 - Community and Social Services | | ASSET: PARKS/PUBLIC OPEN SPA | 9000/7303/9338 | | Yes | Community | Parks & gardens | new | 3 015 | 42 | 500 | 1 373 | 1 100 | | | NEW | |
| Vote 5 - Community and Social Services | | ASSET: REFUSE REMOVAL/REFUSE | 9000/7301/9725 | | Yes | Other assets | General vehicles | new | 2 114 | 2 114 | - | | | | | NEW | |
| Vote 5 - Community and Social Services | | MIG COMMUNITY HALL WARD 5 | 9000/4642/0000 | | Yes | Community | Community halls | new | 3 580 | 3 580 | - | | | | | NEW | |
| Vote 5 - Community and Social Services | | MIG COMMUNITY HALL WARD 10 | 9000/4643/0000 | | Yes | Community | Community halls | new | 3 596 | 3 596 | - | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | MIG BANKES ACCESS ROAD | 9000/4645/0000 | | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 3 196 | 1 849 | 1 347 | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | MAN RD UF TO ZAKHELE PHASE | 9000/4706/0000 | | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 7 919 | 219 | 7 700 | | | | | NEW | |
| Vote 4 - EDTA | | ASSET: IPED STOCK PEN DEVELO | 9000/7200/9342 | | Yes | Other assets | Plant & equipment | new | 496 | 496 | - | | | | | NEW | |
| Vote 5 - Community and Social Services | | ASSET: HERITAGE/HERITAGE | 9000/7304/9726 | | Yes | Heritage assets | Other | new | 59 | 59 | - | | | | | NEW | |
| Vote 6 - Infrastructure and Human Settlement | | ASSET: TECHNICAL SERVICES PA | 9000/7301/9020 | | Yes | Other assets | Plant & equipment | new | 563 | 563 | - | | | | | NEW | |

| | | | | | | | | | | | | | |
|--|--|----------------|-----|---------------------------------|--------------------------------------|-----|--------|--------|--------|--------|--------|--------|-----|
| Vote 6 - Infrastructure and Human Settlement | MIG GRANT /PMU EXPENDITURE;IM | 9000/7603/343 | Yes | Infrastructure - Other | Other | new | 92 | 92 | - | | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG RWANTSANA ACCESS ROAD; | 9000/4603/000 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 6 000 | 6 000 | 6 000 | | | | NEW |
| Vote 5 - Community and Social Services | MIG LANDFL SITE; | 9000/4609/000 | Yes | Other assets | Civic Land and Buildings | new | 9 862 | 9 862 | 4 874 | 1 000 | | | NEW |
| Vote 5 - Community and Social Services | HARRY GWALA HALL 2014; | 9000/4633/000 | Yes | Community | Community halls | new | 300 | 300 | 300 | | | | NEW |
| Vote 3 - Budget and Treasury | SOFTWARE AND SERVER ROOM SEC | 9000/4634/000 | Yes | Intangibles | Computers - software & programming | new | 470 | 470 | 400 | | | | NEW |
| Vote 3 - Budget and Treasury | ASSET: FINANCIAL SERVICES;UP | 9000/7103/315 | Yes | Other assets | Plant & equipment | new | 200 | 200 | 200 | | | | NEW |
| Vote 4 - EDTA | ASSET: PEDDIPPING TANKS | 9000/7200/9341 | Yes | Other assets | Other | new | 1 200 | 1 200 | 1 200 | | | | NEW |
| Vote 2 - Corporate services | ASSET: CORPORATE SERVICES;CO | 9000/7100/9319 | Yes | Other assets | Computers - hardware/equipment | new | 336 | 336 | 336 | | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | INGCUBA ACCESS ROAD (E); | 9000/4646/000 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 3 993 | 3 993 | 3 993 | | | | NEW |
| Vote 5 - Community and Social Services | COMM HALL WARD 3; | 9000/4648/000 | Yes | Community | Community halls | new | 4 632 | 4 632 | 4 632 | | | | NEW |
| Vote 2 - Corporate services | ASSET: CORPORATE SERVICES;VE | 9000/7100/9304 | Yes | Other assets | General vehicles | new | 1 800 | 1 800 | 800 | 1 000 | | | NEW |
| Vote 5 - Community and Social Services | ASSET: WASTE MANAGEMENT GRAN | 9000/7101/9317 | Yes | Other assets | General vehicles | new | 300 | 300 | 300 | | | | NEW |
| Vote 5 - Community and Social Services | ASSET: COMMUNITY SERVICES;TR | 9000/7300/9730 | Yes | Other assets | Other | new | 200 | 200 | 200 | | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | ASSET: LICENSE AND PERMIT'SP | 9000/7600/9727 | Yes | Other assets | Other | new | 200 | 200 | 200 | | | | NEW |
| Vote 5 - Community and Social Services | ASSET: COMMUNITY SERVICES;AI | 9000/7300/9308 | Yes | Other assets | Furniture and other office equipment | new | 240 | 240 | 240 | | | | NEW |
| Vote 2 - Corporate services | Plant & Equipment | 9000/7100/9340 | Yes | Other Assets | Plant & equipment | new | 9 676 | 9 676 | 6 200 | 2 500 | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | Street naming | 9000/7601/9348 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 400 | 400 | 400 | | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG : Surfacing of Dorobech Internal roads Phase | 9000/7601/1000 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 9 644 | 9 644 | 7 153 | 2 491 | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG : Surfacing of Indwe Internal roads Phase | 9000/7601/1001 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 9 878 | 9 878 | 4 691 | 5 187 | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG : Surfacing of Lady Freire Internal Roads | 9000/7601/1002 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | 10 158 | 10 158 | 8 158 | 2 000 | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG : Emarway ibeni to Bopu Access Roads | 9000/7601/1003 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | | | 1 000 | - | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG : Rehabilitation of Streetslights in Lady Freire, Indwe & DC | 9000/7800/1000 | Yes | Infrastructure - Electricity | Street Lighting | new | | | 2 765 | 4 065 | | | NEW |
| Vote 5 - Community and Social Services | MIG LED Shearing Shed | 9000/7200/1000 | Yes | Other assets | Other | new | 1 041 | 1 041 | 1 758 | | 1 200 | | NEW |
| Vote 5 - Community and Social Services | ASSET COMMUNITY SERVICES; MATERIAL RECOVERY | 9000/7302/0000 | Yes | Other assets | Plant & equipment | new | 500 | 500 | | | | | NEW |
| Vote 5 - Community and Social Services | ASSET COMMUNITY SERVICES; FURNITURE TRAFFIC | 9000/7600/9306 | Yes | Other assets | Furniture and other office equipment | new | 200 | 200 | | | | | NEW |
| Vote 5 - Community and Social Services | ASSET: COMMUNITY SERVICES;FU | 9000/7300/9306 | Yes | Other assets | Furniture and other office equipment | new | 500 | 500 | | | | | NEW |
| Vote 5 - Community and Social Services | ASSET: CEMETERIES;INDWE CEME | 9000/7302/9728 | Yes | Community | Cemeteries | new | 500 | 500 | | | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | ASSET: TECHNICAL SERVICES TRANSFORMERS | 9000/7801/1000 | Yes | Infrastructure - Electricity | Transmission & Reliculation | new | 100 | 100 | | | | | NEW |
| Vote 5 - Community and Social Services | ASSET: COMMUNITY SERVICES;GA | 9000/7300/9347 | Yes | Community | Other | new | 300 | 300 | | | | | NEW |
| Vote 5 - Community and Social Services | MIG Lady Freire Multi-purpose centre | 9000/7300/1000 | Yes | Other assets | Civic Land and Buildings | new | | | 10 471 | | | | NEW |
| Vote 5 - Community and Social Services | MIG Indwe sportsfield | 9000/7000/0001 | Yes | Community | Sportsfields & stadia | new | | | 13 501 | | | | NEW |
| Vote 5 - Community and Social Services | MIG Hydroponics | 9000/7300/0002 | Yes | Other assets | Other | new | | | 800 | | | | NEW |
| Vote 5 - Community and Social Services | MIG Feed lot | 9000/7300/0001 | Yes | Other assets | Other | new | | | 800 | | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG Casadu Ext 1 Access Road | 9000/7601/1006 | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | new | | | 9 958 | | | | NEW |
| Vote 6 - Infrastructure and Human Settlement | MIG Borgolwehu High Mast Lights | 9000/7601/1007 | Yes | Infrastructure - Electricity | Street Lighting | new | | | 5 000 | | | | NEW |
| Parent Capital expenditure | 1 | | | | | | | | 38 970 | 32 549 | 34 271 | | |
| Total Capital expenditure | | | | | | | | 38 585 | 49 948 | 38 970 | 32 549 | 34 271 | |

1.18 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

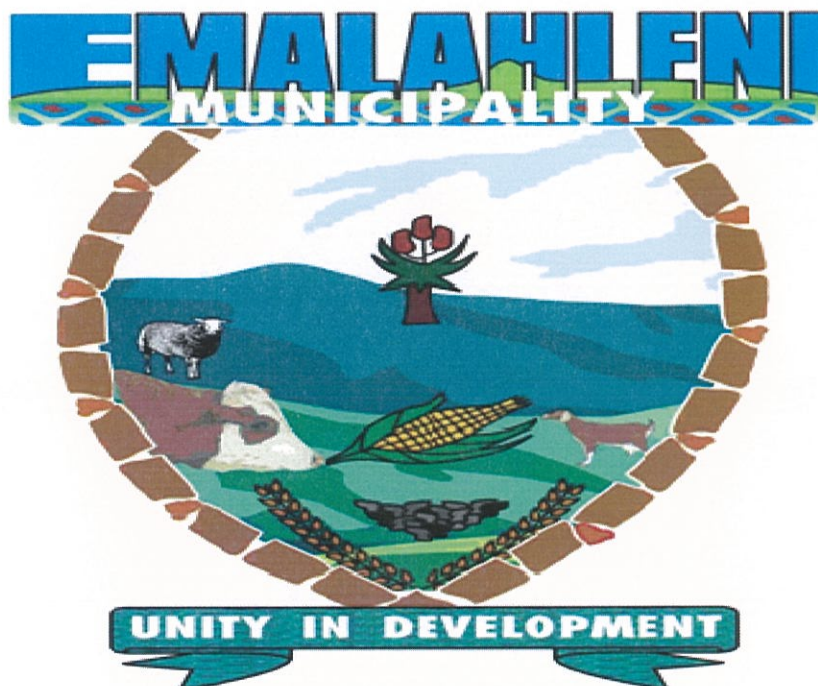
1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019

MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC136 Emalahleni (EC) - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

| Description | Ref | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| Call investment deposits | | | | | | | | | | | |
| Call deposits < 90 days | | | 41 614 | 28 563 | 20 579 | 16 578 | 16 578 | 16 578 | | | |
| Other current investments > 90 days | | | | | | | — | — | | | |
| Total Call investment deposits | 2 | — | 41 614 | 28 563 | 20 579 | 16 578 | 16 578 | 16 578 | — | — | — |
| Consumer debtors | | | | | | | | | | | |
| Consumer debtors | | 90 778 | 130 801 | 69 901 | 85 384 | 78 585 | 78 585 | 78 585 | 87 807 | 99 184 | 110 384 |
| Less: Provision for debt impairment | | (80 419) | (114 538) | (48 016) | (79 947) | (52 754) | (52 754) | (52 754) | (52 842) | (54 218) | (55 675) |
| Total Consumer debtors | 2 | 10 360 | 16 264 | 21 885 | 5 437 | 25 831 | 25 831 | 25 831 | 34 965 | 44 966 | 54 709 |
| Debt impairment provision | | | | | | | | | | | |
| Balance at the beginning of the year | | | 93 481 | 114 538 | 78 647 | 48 016 | 48 016 | 48 016 | 50 316 | 52 842 | 54 218 |
| Contributions to the provision | | 80 419 | 21 057 | 10 890 | 1 300 | 2 300 | 2 300 | 2 300 | 2 526 | 1 376 | 1 457 |
| ad debts written off | | | | (77 412) | | | — | — | | | |
| Balance at end of year | | 80 419 | 114 538 | 48 016 | 79 947 | 50 316 | 50 316 | 50 316 | 52 842 | 54 218 | 55 675 |
| Property, plant and equipment (PPE) | | | | | | | | | | | |
| PPE at cost/valuation (excl. finance lease) | | 518 180 | 552 052 | 588 016 | 621 579 | 637 948 | 637 948 | 637 948 | 676 918 | 709 467 | 743 738 |
| Leases recognised as PPE | 3 | 1 014 | 606 | 662 | — | 678 | 678 | 678 | 678 | 678 | 678 |
| Less: Accumulated depreciation | | 99 127 | 129 466 | 149 396 | 164 415 | 173 725 | 173 725 | 173 725 | 198 728 | 224 664 | 252 129 |
| Total Property, plant and equipment | 2 | 420 067 | 423 192 | 439 281 | 457 164 | 464 901 | 464 901 | 464 901 | 478 868 | 485 481 | 492 287 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | | | |
| Short term loans (other than bank overdraft) | | | | | | | — | — | | | |
| Current portion of long-term liabilities | | | 311 | 263 | | 250 | 250 | 250 | 210 | | |
| Total Current liabilities - Borrowing | | — | 311 | 263 | — | 250 | 250 | 250 | 210 | — | — |
| Trade and other payables | | | | | | | | | | | |
| Trade and other creditors | | 4 516 | 15 077 | 15 803 | 9 875 | 20 099 | 20 099 | 20 099 | 17 125 | 15 816 | 16 722 |
| Unspent conditional transfers | | 7 225 | 1 801 | 349 | — | | — | — | | | |
| VAT | | (2 175) | | | — | | — | — | | | |
| Liabilities associated with Discontinued Operations | | | | 2 266 | | | | | | | |
| Total Trade and other payables | 2 | 9 567 | 16 879 | 18 418 | 9 875 | 20 099 | 20 099 | 20 099 | 17 125 | 15 816 | 16 722 |
| Non current liabilities - Borrowing | | | | | | | | | | | |
| Borrowing | 4 | — | — | | — | | — | — | | | |
| Finance leases (including PPP asset ele | | 852 | 235 | 547 | 551 | 300 | 300 | 300 | 283 | 73 | |
| Total Non current liabilities - Borrowing | | 852 | 235 | 547 | 551 | 300 | 300 | 300 | 283 | 73 | — |
| Provisions - non-current | | | | | | | | | | | |
| Retirement benefits | | 4 841 | 6 600 | 5 694 | 7 220 | 5 516 | 5 516 | 5 516 | 6 645 | 8 193 | 8 676 |
| Other major provision items | | | | | | | | | | | |
| Refuse landfill site rehabilitation | | 2 624 | 2 119 | — | 2 225 | | — | — | | | |
| Other | | — | — | | | | — | — | | | |
| Total Provisions - non-current | | 7 466 | 8 719 | 5 694 | 9 446 | 5 516 | 5 516 | 5 516 | 6 645 | 8 193 | 8 676 |
| CHANGES IN NET ASSETS | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening | | 472 454 | 474 872 | 469 542 | 469 919 | 469 544 | 469 544 | 469 544 | 468 748 | 467 917 | 466 376 |
| GRAP adjustments | | | | | | | — | — | | | |
| Restated balance | | 472 454 | 474 872 | 469 542 | 469 919 | 469 544 | 469 544 | 469 544 | 468 748 | 467 917 | 466 376 |
| Surplus/(Deficit) | | 2 658 | (5 329) | (11 157) | 1 194 | 42 | 42 | (797) | (831) | (1 541) | (9 146) |
| Appropriations to Reserves | | | | | | | — | — | | | |
| Transfers from Reserves | | | | | | | — | — | | | |
| Depreciation offsets | | | | | | | — | — | | | |
| Other adjustments | | | | | | | — | — | | | |
| Accumulated Surplus/(Deficit) | 1 | 475 112 | 469 543 | 458 385 | 471 114 | 469 586 | 469 586 | 468 748 | 467 917 | 466 376 | 457 230 |
| Reserves | | | | | | | | | | | |
| Housing Development Fund | | | | | | | — | — | | | |
| Capital replacement | | | | | | | — | — | | | |
| Self-insurance | | | | | | | — | — | | | |
| Other reserves | | | | | | | — | — | | | |
| Revaluation | | | | | | | — | — | | | |
| Total Reserves | 2 | — | — | — | — | — | — | — | — | — | — |
| TOTAL COMMUNITY WEALTH/EQU | 2 | 475 112 | 469 543 | 458 385 | 471 114 | 469 586 | 469 586 | 468 748 | 467 917 | 466 376 | 457 230 |



1.19 Municipal Manager's quality certificate

I S W Vatala, Municipal Manager of Emalahleni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name S W VATALA

Municipal Manager of Emalahleni Municipality

Signature

A handwritten signature in black ink, appearing to be 'S W Vatala', is written over a dotted line. The signature is enclosed within a large, hand-drawn oval.

Date 31 March 2016